

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—
INDEPENDENT AGENCIES APPROPRIATION BILL, 1988

OCTOBER 6 (legislative day, SEPTEMBER 25), 1987.—Ordered to be printed

Mr. PROXMIRE, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 2783]

The Committee on Appropriations to which was referred the bill (H.R. 2783) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1988, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

AMOUNT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	<i>Fiscal year 1988</i>
Amount of bill as recommended in House.....	\$57,938,256,000
Amount of change by Committee.....	— 828,286,000
Amount of bill as reported to Senate.....	57,109,970,000
Amount of appropriations to date, 1987.....	56,637,951,700
Amount of budget estimates, 1988	51,596,329,313
Over estimates for 1988	+ 5,513,640,687
Over appropriations for 1987.....	+ 472,018,300

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GENERAL STATEMENT

The Committee recommends new budget authority of \$57,109,970,000 in new budget (obligational) authority for the Department of Housing and Urban Development, the Veterans Administration, the National Aeronautics and Space Administration, the Environmental Protection Agency, the National Science Foundation, and other agencies, commissions, boards, corporations, institutes, and offices. This amount is \$5,513,640,687 above the budget request, \$828,286,000 below the House allowance, and \$472,018,300 more than the appropriation for fiscal year 1987.

HIGHLIGHTS

The Committee has recommended a number of changes in the House bill. The most significant are:

One, a reduction of \$400,850,000 below the House-approved amount for assisted housing with increases in public housing modernization funding and section 202 elderly housing support more than offset by the elimination of funding for housing development action grant and moderate rehabilitation units.

Two, a reduction of \$240,808,000 in the veterans medical care program. This will allow the Veterans Administration to keep staffing levels constant but will not fund any pay increases that may take place in January.

Three, a reduction of \$208,337,000 in funding for the space station.

Four, an increase of \$129,487,000 for research funded through the National Science Foundation.

Five, an increase of \$50,000,000 for the public housing operating subsidy program.

REPROGRAMMING AND INITIATION OF NEW PROGRAMS

The Committee continues to have a particular interest in being informed of reprogrammings which, although they may not change either the total amount available in an account or any of the purposes for which the appropriation is legally available, represent a significant departure from budget plans presented to the Committee in an agency's budget justifications.

Consequently, the Committee directs that the Department of Housing and Urban Development and the agencies funded through this bill no-

tify the chairman of the Committee prior to reprogramming of funds in excess of \$250,000 between programs, activities, or elements. The Committee desires to be notified of reprogramming actions which involve less than the above-mentioned amounts if such actions would have the effect of changing an agency's funding requirements in future years or if programs or projects specifically cited in the Committee's reports are affected. Finally, the Committee wishes to be notified regarding reorganizations of offices, programs, or activities prior to the planned implementation of such reorganizations.

TITLE I—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

	<i>Budget authority</i>
1987 appropriation	\$7,840,668,000
1988 budget estimate	3,994,889,313
House allowance	7,924,100,000
Committee recommendation	7,523,250,000

PROGRAM DESCRIPTION

Currently, the Department's assisted housing efforts principally consist of a low-income public housing program and the section 8 lower income rental housing assistance program. Under the Public Housing Program, local public housing agencies develop, own, and operate low-income public housing projects, with HUD entering into a commitment to pay construction and modernization costs to help assure low rents and adequate services. Financial assistance is also provided to Indian housing authorities to plan, build, own, and operate low-income public housing projects. Under the section 8 rent subsidy certificate program, the Department pays the difference between what an eligible lower-income household can afford (30 percent of income for most programs), and the fair market rent for an adequate housing unit. This rental assistance may be used for existing housing, for new construction of units for elderly and handicapped individuals and for rehabilitated units. Under the section 8 housing voucher programs the Department provides a fixed amount for eligible lower-income households regardless of the rent actually paid.

COMMITTEE RECOMMENDATION

The Committee recommends \$7,523,250,000 in new budget authority for the Department's assisted housing program within this account. The total program level resulting from the Committee's recommendations is \$7,684,850,000. This compares to a \$4,699,015,853 program level proposed by the administration and \$8,085,700,000 proposed by the House and represents a reduction of \$400,850,000 in the House-approved amount.

The Committee recommends a total of 77,646 incremental subsidized housing units, an increase of 898 over the House-passed level. In addition, the Committee has shifted the focus of the House approach somewhat by placing a special emphasis on the modernization of existing

public housing and more than doubling the number of existing units that can be supported through the use of section 8 certificates.

More specifically, the Committee agrees with the House Committee recommendation that funding be provided for the construction of new section 202 elderly/handicapped units under the section 8 program and has augmented the House level with an additional 898 units for a total of 11,796. Furthermore, the Committee recommends concurrence with the provision of 2,000 new Indian housing units under the public housing program. However, the Committee has proposed the deletion of funding approved by the House for 6,000 moderate rehabilitation units and has recommended no funding for the rental development [HoDAG] program while the House provided sufficient funding for approximately 5,200 rental development units.

In accordance with its emphasis on public housing modernization, the Committee recommends that the funds freed up by the deletion of moderate rehabilitation and HoDAG units be shifted into the modernization program. The Committee also proposes that the public housing major reconstruction/development program be folded into the traditional modernization program and that 20 percent of this total modernization budget be used for the major reconstruction of obsolete public housing projects—projects with design or marketability problems resulting in vacancies of 15 percent or more of the units available for occupancy, the reconstruction of which will cost more than 60 percent of the total published cost guidelines for new construction of similar units in this area. This recommendation would make \$2,365,280,500 available for modernization activities with \$473,056,100 of the total to be devoted to the major reconstruction of obsolete public housing projects.

The Committee notes that a recently completed multiyear study has estimated that the cost of modernizing the existing public housing stock exceeds \$20,000,000,000, exclusive of modernization needs that may accrue over the next few years. The modernization funding recommended would begin to attack this problem and thus minimize the loss of existing public housing units to deterioration and neglect.

The Committee recommends an increase in the number of section 8 existing certificate units from 10,000 as provided for in the House-passed bill to 21,000. This increase is made possible in part by a reduction in the contract term for these units from 15 years to 5 years. This contract term adjustment allows section 8 units to compete on an equal budget footing with 5-year vouchers. Heretofore, a section 8 unit has consumed over three times as much budget authority as a comparable voucher unit, primarily because the contract term for section 8 units has been three times as long.

The Committee concurs with the House in providing funds for 46,850 housing voucher units. The Committee is concerned over the distinct possibility that the voucher program, which pays a fixed subsidy regardless of the rent paid by the low-income voucher holder, will increase the rental burden on low-income families without reducing Federal costs. In fact, a recent report commissioned by the Department seems

to indicate that over one-half of the tenants under the voucher program are paying more than 30 percent of their income for rent without a greater success rate than is achieved under the certificate program and that the program is costing the taxpayer more money.

The Committee concurs with the House in proposing \$200,000,000 in budget authority for 52,600 rental rehabilitation units.

The Committee recommends the inclusion of language in the bill waiving the fair share provisions of the Community Development Act of 1974, continuing the policy of the last few years. The fair share provisions would require the Department to allocate housing assistance among different areas and communities on the basis of a complex, sophisticated formula. The provisions were enacted at a time when the Federal Government was allocating three to four times as much housing assistance funding as the current bill makes available for distribution. Without a continuation of the waiver, the application of the formula would result in the distribution of such small numbers of housing units to localities under some programs as to make the use of the allocated units impractical, if not impossible. The House-passed bill does not include such a waiver.

The Committee recommends bill language to extend to September 30, 1988, the period during which funds appropriated in the fiscal year 1985 HUD-Independent Agencies Appropriations Act for housing development grants could be reobligated. It is expected by HUD that approximately \$25,000,000 will be subject to recapture on November 29, 1987, because construction will not begin on some projects previously selected for funding within the 3-year statutory period ending on November 29. The Committee expects that any recaptured funds will be reallocated to projects meeting threshold requirements in the fiscal year 1987 competition for grants.

The following table sets forth the details of the Committee's proposals:

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING GROSS RESERVATIONS—
FISCAL YEAR 1988

	Units	Cost	Term	Budget authority
Carryover.....	NA	NA	NA	NA
Recaptures.....	NA	NA	NA	\$366,300,000
Rescission of recaptures.....	NA	NA	NA	(204,700,000)
New authority.....	NA	NA	NA	7,523,250,000
Total, available.....	NA			7,684,850,000
Public housing:				
Indian housing.....	2,000	73,809	NA	147,600,000
Amendments.....	NA	NA	NA	68,699,250
Lease adjustments.....	NA	NA	NA	20,100,000
Modernization.....	NA	NA	NA	2,365,280,500
Subtotal, public housing.....	2,000			2,601,679,750

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING GROSS RESERVATIONS—
FISCAL YEAR 1988—Continued

	Units	Cost	Term	Budget authority
Section 8:				
Section 202:				
Units	11,796	\$6,912	20	\$1,630,600,000
Section 202 amendments	NA	NA	20	140,000,000
Subtotal, section 202	11,796			1,770,600,000
Housing vouchers:				
Free-standing	42,850	4,334	5	928,559,500
Section 8 Opt outs/mortgage prepayments	1,500	4,334	5	32,505,000
Public housing demolitions	2,500	4,334	5	54,175,000
Voucher PHA fees	NA	439	5	102,835,750
Subtotal, vouchers	46,850			1,118,075,250
Existing certificates	21,000	5,659	5	594,195,000
Loan management	10,000	3,736	5	186,800,000
Property disposition	4,000	5,100	15	306,000,000
Amendments:				
Existing housing	NA	NA	5	550,000,000
Loan management	NA	NA	7	280,000,000
Moderate rehab	NA	NA	10	55,000,000
Property disposition	NA	NA	15	22,500,000
Subtotal, amendments	NA			907,500,000
Subtotal, section 8	93,646			4,883,170,250
Total, public housing and section 8 ..	95,646			7,484,850,000
Section 17 rental rehabilitation	NA	NA	NA	200,000,000
Total, all programs	95,646			7,684,850,000
Incremental	77,646			

The Committee is concerned about the serious shortage of public housing in Dallas and Houston, TX. It is the feeling of the Committee that the Department of Housing and Urban Development should make every effort to work with the local housing authorities and other concerned groups to address local public housing needs. In particular, care should be taken to see that existing public housing units not be demolished without supplying adequate replacement housing and without a demonstration of adequate management capability to relocate residents. Motions have been filed with the 5th Circuit Court by local citizens groups seeking to intervene in the case of *Walker v. HUD* and stay the demolition of public housing units. The Committee, therefore, expects that no funds will be released for the proposed demolition of public housing units in west Dallas under the consent decree entered into in the case of *Walker v. HUD* until the court has ruled on these motions.

It is the view of the Committee that legislation specific to these matters under ongoing judicial review is inappropriate and, therefore, recommends deletion of section 415 of the House-passed bill.

RENTAL HOUSING ASSISTANCE PROGRAM

(RESCISSION)

1987 budget rescission.....	-\$126,873,000
1988 budget estimate.....	- 52,000,000
House allowance.....	- 52,000,000
Committee recommendation.....	- 52,000,000

PROGRAM DESCRIPTION

The rental assistance payments [RAP] program, authorized by the Housing and Community Development Act of 1974, is designed to aid very low income families in section 236 projects by permitting HUD to provide additional subsidies equal to the difference between the basic rent and up to 30 percent of income for a certain percentage of units.

As a result of the increasing difficulty in funding RAP amendments, the administration began converting insured RAP-assisted projects to the section 8 program in 1983. The budget assumes the conversion of 1,435 units to section 8 during 1987, representing the estimated balance of units in projects where owners are willing to convert, thus completing the conversion process. The budget also assumes noninsured, State-aided projects will be exempted from the conversion policy and will continue to receive subsidy assistance using the amounts set aside for future amendments in the 1983 Supplemental Appropriations Act (Public Law 98-63).

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the proposed rescission of up to \$2,000,000 in annual contract authority as proposed by the administration. This translates into \$52,000,000 in budget authority. It is estimated that this amount could be deobligated during 1988 as a result of insurance terminations due to foreclosure or assignment.

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND

(LIMITATION ON LOANS)

1987 limitation.....	\$592,661,000
1988 budget estimate.....	131,474,000
House allowance.....	559,900,000
Committee recommendation.....	602,800,000

PROGRAM DESCRIPTION

The section 202 program provides direct Federal loans to nonprofit organizations who sponsor the construction and management of housing projects to serve elderly or handicapped families and individuals. The housing projects are designed to provide an assured range of necessary services for the occupants, including health, continuing education, welfare, recreation, counseling, referral, transportation to social services, and means to encourage and assist occupants to use the services and fa-

cilities made available. Projects developed under section 202 also carry a section 8 subsidy, which enables the rents of lower-income elderly or handicapped tenants to be reduced to a maximum of 30 percent of their income. Applications under the two programs are processed simultaneously.

The 1988 budget estimate does not reflect the impact of the proposed Federal Credit Reform Act of 1987 (S. 745), as contained in the Budget Amendments for Credit Reform Proposal submitted to the Congress on March 12, 1987 (H. Doc. 100-50).

COMMITTEE RECOMMENDATION

The Committee recommends \$602,800,000 as the loan limitation for the elderly and handicapped program to permit financing of 11,788 housing units. The amount proposed is \$471,326,000 above the budget estimate, \$42,900,000 above the House amount, and \$10,139,000 above the current appropriation.

The Committee recognizes the continuing need for new construction of housing for the elderly and handicapped provided under the section 202 program. These populations often cannot find the specially designed units necessary for independent living on the private market. In addition, the frail elderly often lack the mobility necessary to take advantage of assistance programs such as vouchers which rely on the existing market. The 11,788 units provided by this appropriation represent slightly more than one-half of the 20,000 units recommended by the 1981 White House Conference on Aging as the minimum to keep pace with the growing demand for elderly housing units. The program has been reduced from a high of 21,000 units in 1979. Given current fiscal constraints, the Committee cannot meet these levels of funding. However, the Committee's funding reflects the need to maintain current levels and prevent further erosion in housing production for the unique need for these special populations.

The Committee notes that one of the most difficult housing problems confronting the Nation is with respect to deinstitutionalized mentally ill persons who have become homeless. The Committee well realizes that providing shelter alone cannot begin to address the full range of medical and other socioeconomic problems affecting thousands of Americans who are thus afflicted. It is clear that a combined effort at the Federal and local level—both public and private—is needed to provide an adequate measure of relief for these individuals. Toward that end, the Committee has included language in the bill which sets aside 25 percent of the total section 202 direct loan limitation for fiscal year 1988 for projects to assist handicapped persons. The Committee understands that the Department has been utilizing a minimum of 15 percent of available funding to meet the needs of physically and developmentally handicapped individuals. It is the Committee's intent that additional funds to be set aside over and above the 15 percent be used primarily for the homeless deinstitutionalized mentally ill.

The Committee has concurred with the House in recommending the continuation of bill language limiting access to section 202 funds to qualified nonprofit sponsors, providing long-term permanent financing at a rate not to exceed 9.25 percent, and requiring that section 202 loan authority be included as a part of the Federal budget.

In cases where any sponsor's application for a funding reservation under the section 202 program is rejected because individual housing units exceeded HUD's cost containment limits by less than one-half of 1 percent of the total project net residential rentable area, but whose overall square footage is within the applicable requirements, the Department shall permit the sponsor to amend the application. Furthermore, when an applicant does choose to amend its application to come into compliance with both the individual unit and overall square footage limitations within 15 days, the application shall be considered as if all square footage requirements had been met at the time of the original application.

CONGREGATE SERVICES

1987 appropriation	\$3,400,000
1988 budget estimate	
House allowance	4,400,000
Committee recommendation	7,000,000

PROGRAM DESCRIPTION

The congregate housing services demonstration was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year contracts to fund services for eligible residents of public housing and section 202 housing for the elderly or handicapped projects. The demonstration was designed to promote and encourage handicapped elderly, nonelderly handicapped, or temporarily disabled individuals to maintain maximum independence in a home environment. A principal objective of the demonstration was to determine whether such assistance would aid in avoiding costly and premature or unnecessary institutionalization of individuals and eventually reduce Government outlays for institutional care. The results to date have been inconclusive.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$7,000,000 for the congregate services program. This is \$2,600,000 more than the level contained in the House allowance and \$3,600,000 more than the enacted fiscal year 1987 level. No funds were requested for the program.

In addition to the funding recommended, \$2,700,000 is expected to be carried forward from fiscal year 1987 into fiscal year 1988, making a total of \$9,700,000 available for contract extensions and new commitments. Currently, 61 contracts are being funded through this program.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

1987 appropriation	\$1,350,000,000
1988 budget estimate	1,376,862,000
House allowance	1,465,000,000
Committee recommendation	1,515,000,000

PROGRAM DESCRIPTION

Operating subsidies are provided to public housing authorities [PHA's] and Indian housing agencies [IHA's] to assist in financing the operation of PHA/IHA-owned dwellings in accordance with section 9 of the United States Housing Act of 1937, as amended. Operating subsidies are required to help maintain operating and maintenance services and provide for minimum operating reserves. The performance funding system [PFS] formula is used to calculate the level of operating subsidy to be provided to each PHA/IHA to operate its owned units.

The calculated subsidy amount under PFS is the difference between the estimate of operating costs minus an estimate of income from rents and other sources.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,515,000,000 for public housing operating subsidies. This is \$138,138,000 more than the budget request and \$50,000,000 above the House allowance.

The Committee notes that language was included in the Supplemental Appropriations Act, 1987, which has the effect of carrying forward \$65,000,000 in operating subsidy funding into fiscal year 1988. These funds are dedicated to the payment of insurance costs not covered by the current PFS formula. Furthermore, the Committee has been advised that, as the result of a recent reestimate of fiscal year 1987 PFS requirements, an additional \$10,000,000 has been obligated for fiscal year 1988 insurance costs.

The Committee understands that a settlement in excess of \$60,000,000 has been negotiated in satisfaction of certain claims regarding recaptures and adjustments of PHA's operating subsidies. Although the Committee has chosen not to earmark appropriated funds for the payment of this settlement, the Committee has recommended an increase of \$50,000,000 over the House allowance and expects the Department to devote any funds remaining, after PFS formula and excess insurance costs have been allocated, to claims settlement payments. The Committee has every reason to expect that such excess funds will become available in view of the fact that the Committee has recommended an appropriation that is \$138,138,000 above the Department's 1988 PFS estimate and that an additional \$75,000,000 should be available to local housing authorities in fiscal year 1988 to cover the bulk of non-PFS insurance costs.

The Committee continues to be concerned over the failure of the PFS formula to reflect the true cost of liability insurance as well as other insurance costs. The Committee urges the Department to initiate

a rulemaking procedure which will lead to an adjustment in the current PFS formula to reflect these costs and directs the Department to submit an adjustment with its fiscal year 1989 budget submission.

The Committee has also been advised that Indian housing authorities may not be eligible for an equitable share of funds provided for excess insurance premium costs due to the use of the mutual help housing form of assistance unique to serving the public housing needs of Indian tribes. This form of assisted housing constitutes a sizable portion of the public housing inventory operated by tribal organizations but under current statutory interpretation are apparently ineligible for excess insurance premium subsidies. The Department is, therefore, requested to carefully review this matter and to consider means of addressing the issue.

PUBLIC HOUSING DEVELOPMENT GRANT

The Committee recommends deletion of language contained in the House bill restraining the Department from recouping grant payments used by the Bay City Housing Commission in the State of Michigan for costs judged to be ineligible. The Committee is concerned about making a special exception for this local housing authority to the general rule that improperly expended funds must be returned to the Federal Government.

HOUSING COUNSELING ASSISTANCE

1987 appropriation	\$3,500,000
1988 budget estimate	
House allowance	3,500,000
Committee recommendation	2,500,000

PROGRAM DESCRIPTION

Under section 106(a) of the Housing and Urban Development Act of 1968, as amended, the Department has been authorized to contract with public and private agencies to provide counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership. In 1986, the Department funded 183 counseling agencies providing services to 31,130 clients.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending \$3,500,000 for housing counseling assistance in fiscal year 1988. This is identical to the fiscal year 1987 appropriation. The administration proposed the termination of the program in fiscal year 1988.

Housing counseling assistance is an effective way to prevent unnecessary foreclosures. By assisting homeowners to come to grips with the financial burden of keeping mortgage payments current and serving as a self-help resource, effective counseling agencies can save the Federal

Housing Administration millions of dollars in costs associated with foreclosure actions that could have been avoided. The Committee encourages the Department to use a portion of the amount recommended to support innovative techniques to maximize the use of early intervention counseling to prevent foreclosures. The Committee expects to explore the subject in next year's budget hearings.

TROUBLED PROJECTS OPERATING SUBSIDY

PROGRAM DESCRIPTION

The Secretary provides payments to owners of certain HUD-insured or HUD-held financially troubled multifamily subsidized housing projects in order to prevent potential losses to the FHA fund resulting from project insolvency and to preserve these projects as a viable source of housing for low- and moderate-income tenants. These payments are designed to fund deferred maintenance and replacement reserves, and operating deficits where owners can demonstrate to the Department that projects are well managed or that improvements in management will be made, allowing the projects to become self-sustaining.

Projects eligible for flexible subsidy assistance include those which are subsidized under the section 236, section 221(d)(3) below market interest rate, and rent supplement programs, and have mortgages insured or held by the Department. Non-HUD-insured projects developed by State agencies and receiving assistance under one of the aforementioned programs also are eligible.

The administration's 1988 budget proposes ending the practice of funding the program by means of transferring excess rental receipts from the rental housing assistance fund to the "Troubled projects operating subsidy" account. The budget proposes no additional transfers in 1988. Rather, the Department plans to fund 1988 activity by utilizing an estimated \$86,500,000 of unobligated balances which are expected to be available at the beginning of 1988. The excess rental receipts would be transferred to the general fund of the Treasury beginning in 1988 and thereafter. Beginning in 1989 and thereafter, the Department proposes to fund the program by means of direct appropriations.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in rejecting the administration's proposal to terminate the transfer of excess rental receipts from the rental housing assistance fund. As a consequence, an estimated \$50,000,000 in collections from the fund will be available in fiscal year 1988 in addition to the \$86,500,000 expected to be carried into 1988 making a total of \$136,500,000 for troubled projects operating subsidies.

TRANSITIONAL HOUSING DEMONSTRATION PROGRAM

1987 appropriation	\$85,000,000
1988 budget estimate.....	5,000,000
House allowance.....	
Committee recommendation.....	

PROGRAM DESCRIPTION

The transitional housing demonstration program is authorized by the Homeless Housing Act of 1986 and the Stewart B. McKinney Homeless Assistance Act. It is designed to develop innovative approaches for providing transitional housing and supportive services for homeless persons, focusing on those capable of moving into independent living. It targets funds on housing assistance for the handicapped, families and deinstitutionalized individuals. Demonstrations funded under the program are intended to determine the cost of acquiring and rehabilitating, or leasing, existing structures for homeless housing as well as the cost of operating such housing and providing supportive services. These demonstrations should illustrate the advantages associated with providing this type of housing and supportive services to the homeless.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in not providing funding for the transitional housing demonstration program at this time. The administration requested a total of \$5,000,000.

The Committee notes that although a mere \$5,000,000 was initially provided to begin this program in late calendar 1986, an additional \$80,000,000 was included for the program in Public Law 100-71, the Supplemental Appropriations Act for 1987. The conference report accompanying the act specifically earmarked \$15,000,000 of the total appropriation for handicapped housing, \$20,000,000 for transitional housing for families, and \$30,000,000 for transitional housing for deinstitutionalized individuals. In view of the fact that the act was not signed into law until July 11, 1987, the funds in question will not be made available until the early part of fiscal year 1988. Consequently, it would be premature to increase funding for the program at this time.

HUD REGULATIONS ON RELIGIOUS GROUPS AND THE HOMELESS

The Committee is concerned about HUD regulations proposed in 1986, which would have severely restricted the ability of religious organizations to receive Federal assistance to aid the Nation's homeless. The Committee fully concurs with the conferees for the Urgent Relief for the Homeless Act (Public Law 100-77) in believing that HUD's originally proposed regulations would seriously harm our country's efforts to constructively deal with the problem of homelessness.

Religious organizations and organizations with religious affiliations have long been instrumental in providing humanitarian assistance to the homeless. In many places throughout the country, they are the only or principal source of help. These efforts are fully consistent with admin-

istration policy to promote assistance for nonprofit and private groups. As a result, the Committee believes that regulations that would prohibit the use of Federal funds by these groups are not only inconsistent with administration policy, but would severely hurt national efforts to combat the growing problem of homelessness.

With enactment of Public Law 100-77, the Federal Government has entered into a partnership with nonprofit organizations, including religious organizations, to meet the secular needs of the Nation's poor. It is clear from the Constitution and from a number of Supreme Court decisions that religious organizations may use Federal funds for nonsectarian purposes if certain principles are followed. According to the Supreme Court, "the crucial question is not whether some benefit accrues to a religious institution as a consequence of the legislative program but whether its principal or primary effect advances religion," *Tilton v. Richardson* 403 U.S. 672, (1970).

The Supreme Court has not prohibited Government assistance to religious organizations. Nor has the Court prohibited assistance to construct or rehabilitate buildings owned by religious organizations as long as constitutional guidelines are followed. The Committee fully expects HUD to issue final regulations that allow the continuation of this longstanding Federal/nonprofit partnership in dealing with the poor in accordance with the constitutional guidelines set forth by the Supreme Court.

FEDERAL HOUSING ADMINISTRATION FUND

1987 appropriation	\$272,955,000
1988 budget estimate	169,652,000
House allowance	169,652,000
Committee recommendation	169,652,000

PROGRAM DESCRIPTION

The Federal Housing Administration [FHA] fund covers the mortgage and loan insurance activities of about 40 HUD mortgage/loan insurance programs, including coinsurance, which are grouped into the Mutual Mortgage Insurance Fund, Cooperative Management Housing Insurance Fund, General Insurance Fund, and the Special Risk Insurance Fund.

The appropriation reimburses the FHA fund for losses sustained by the Special Risk Insurance Fund and the General Insurance Fund. These losses are largely attributable to the sale of HUD-acquired properties and the liquidation of assigned mortgages. The General Insurance Fund provides for a large number of specialized mortgage insurance programs, including the insurance of loans for property improvements as well as for cooperatives, condominiums, housing for the elderly, land development, group practice medical facilities, and nonprofit hospitals. The Special Risk Insurance Fund provides mortgage insurance on behalf of mortgagors eligible for interest reduction payments who otherwise would not be eligible for mortgage insurance; insurance on mortgages covering experimental housing where strict adherence to State or

local building regulations is not observed; and insurance for high-risk mortgagors who normally would not be eligible for mortgage insurance.

The temporary mortgage assistance payments [TMAP] program is designed to prevent precipitous foreclosure by helping insured homeowners who have experienced temporary financial difficulties and cannot make their full monthly mortgage payments. Under the TMAP program, HUD makes monthly payments on behalf of single family mortgagors who are at least 3 months in arrears as a result of economic reversals which temporarily prevent the mortgagors from making up their delinquency.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending the budget request of \$169,652,000 to fund unrestored losses to the Federal Housing Administration Fund. These losses were incurred in 1986 from the liquidation of assigned mortgages and the sale of HUD-owned properties.

The appropriation provides \$51,402,000 for the Special Risk Insurance Fund as well as \$118,250,000 for the General Insurance Fund. The Committee notes that this appropriation will increase the amounts provided to cover losses for the two funds to almost \$4,700,000,000 since the inception of the funds. The Committee is concerned over the possibility that the Department could be losing millions of dollars by acquiring FHA-insured properties needlessly or by paying excessive acquisition costs. Consequently, the Committee has asked the General Accounting Office to report on steps that might be taken to minimize unnecessary losses and intend to explore this issue with the Department in the course of the Committee's hearings on the fiscal year 1989 budget request in the coming year.

The Committee concurs with the House in approving language in the bill limiting TMAP payments to \$82,575,000 as requested by the administration. This represents an increase of \$33,400,000 over the current program and is expected to provide initial assistance to an estimated 4,500 homeowners and continuing support for 750 homeowners.

The Committee also concurs with the House in recommending credit control language limiting additional commitments to guarantee loans to \$100,000,000,000. Although this is an increase of \$20,739,500,000 in the administration's request, the amount recommended would be required in fiscal year 1988 assuming activity levels roughly equal to those occurring in 1987.

NONPROFIT SPONSOR ASSISTANCE

Nonprofit assistance loans as authorized by the Housing and Urban Development Act of 1968 provide nonprofit sponsors of section 202 elderly or handicapped housing with startup funds. The loans are interest free and are used to cover the planning costs associated with constructing or rehabilitating section 202 units. Startup costs include such items as preliminary surveys and market analyses, preliminary site engineering, architectural fees, and expenses related to site control.

Each loan can cover no more than 80 percent of total eligible startup costs up to a maximum of \$50,000 for each project. The sponsor funds the remaining costs. These startup costs are subsequently repaid from the first construction cost advance under the section 202 direct loan program.

The Committee concurs with the House in recommending a loan limitation of \$1,000,000 for nonprofit assistance loans in fiscal year 1988. This is identical to the 1987 level but \$750,000 above the administration's request, which was premised on a sharp reduction in the production of new section 202 units in fiscal year 1988.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES

(LIMITATION ON GUARANTEED LOANS)

1987 limitation	\$150,000,000,000
1988 budget estimate	100,000,000,000
House allowance	150,000,000,000
Committee recommendation	150,000,000,000

PROGRAM DESCRIPTION

The Government National Mortgage Association [GNMA] through the mortgage-backed securities program, guarantees privately issued securities backed by pools of mortgages. GNMA is a wholly owned corporate instrumentality of the United States within the Department. Its powers are prescribed generally by title III of the National Housing Act, as amended. GNMA is authorized by section 306(g) of the act to guarantee the timely payment of principal and interest on securities that are based on and backed by a trust or pool composed of mortgages that are guaranteed by the Federal Housing Administration, the Farmers Home Administration, or the Veterans' Administration. GNMA's guarantee of mortgage-backed securities is backed by a full faith and credit of the United States.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending a GNMA limitation on loan guarantee commitments of \$150,000,000,000 in fiscal year 1988. This is an increase of \$50,000,000,000 over the budget request and is the same as the enacted 1987 level.

The Committee notes that in fiscal year 1986 a steady decline in mortgage interest rates led to sharply increased guarantee commitments, requiring the Congress to raise the credit limitation twice. By recommending the maintenance of the limitation at its current level, the Committee intends to avoid the necessity for last minute adjustments to accommodate changed economic circumstances, thus providing sufficient flexibility to avoid an adverse effect on the economy.

SOLAR ENERGY AND ENERGY CONSERVATION BANK

ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS

1987 appropriation.....	
1988 budget estimate.....	
House allowance.....	\$3,000,000
Committee recommendation.....	

PROGRAM DESCRIPTION

Title V of the Energy Security Act of 1980 created this Solar Energy and Energy Conservation Bank to lessen this country's dependency on imported oil by encouraging energy conservation and the use of solar technology. The act authorized the Bank to provide subsidies directly to financial institutions, local governments and utilities for the making of below-market-rate loans and grants. However, the Department elected to use the States as intermediaries. In 1985, the peak activity year, 48 States and territories were participating in the program.

COMMITTEE RECOMMENDATION

The Committee concurs with the administration in recommending no additional funding for the Bank. The House provided \$3,000,000 in new funding for the program in addition to approximately \$600,000 recaptured from prior-year appropriations. Furthermore, the Committee recommends the inclusion of language in the bill rescinding all recaptured funds.

The Committee notes that the authorization for the Solar Energy and Energy Conservation Bank is scheduled to expire on September 30, 1987, and that no funds were appropriated in 1987 in anticipation of the Bank going out of existence. Since last year, the Committee is not aware of any altered circumstances which would argue for continuing the Bank beyond the September 30, 1987, cutoff date. Moreover, the Committee believes it is impractical, from a management standpoint, to continue operating a program with ever dwindling recaptures—estimated at \$600,000 in 1988. Because of the small amounts involved, the average grant to a State from recaptured funds would be only \$11,000 in 1988. The better course of action is to rescind future recaptures as they occur.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

1987 appropriation.....	\$3,000,000,000
1988 budget estimate.....	2,509,800,000
House allowance.....	3,000,000,000
Committee recommendation.....	3,000,000,000

PROGRAM DESCRIPTION

Under title I of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award block grants to units of general local government and States for the funding of local community development programs. A wide range of physical, economic, and social development activities are eligible with spending priorities determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment and expanded economic opportunities, principally for persons of low and moderate income. Grant recipients are required to use at least 51 percent of their block grant funds for activities that benefit low- and moderate-income persons.

Funds are distributed to eligible recipients for community development purposes utilizing the higher of two objective formulas, one of which gives somewhat greater weight to the age of housing stock. Seventy percent of appropriated funds are distributed to entitlement communities and 30 percent are distributed to nonentitlement communities after deducting a designated amount for the Secretary's discretionary fund.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending \$3,000,000,000 for the community development block grant program. This is \$490,200,000 more than that contained in the budget request and the same amount as the House allowance. The Committee further recommends continuation of the section 108 Loan Guarantee Program at a level of \$150,000,000, the same as the House allowance.

The Committee recommends the deletion of House bill language earmarking \$5,000,000 for a child care demonstration project involving public housing tenants. The demonstration would utilize space made available by public housing authorities for all-day and after-school child care by nonprofit organizations. The Committee has included language to set aside \$2,000,000 of the block grant appropriation to continue funding of the neighborhood development demonstration authorized under section 123 of the Housing and Urban-Rural Recovery Act of 1983. A similar amount was appropriated for this demonstration in fiscal year 1987. Based on the extensive interest of neighborhood organizations, the Committee believes additional funding is warranted.

The Committee recommends that \$53,000,000 be made available for the Secretary's discretionary fund from the total provided for CDBG activities. The amount proposed exceeds the administration's budget estimate by \$6,000,000 and is \$3,000,000 above the discretionary fund total recommended by the House. The Committee directs the Department to devote this additional funding to special projects and technical assistance.

The Committee concurs with the House in directing the Department to allocate a minimum of \$400,000 in technical assistance funds to the district heating and cooling initiative. This program, which was initiated

in 1982, increases energy efficiency by utilizing energy which is the by-product of large city heating and cooling systems and which otherwise would be wasted in high density central city areas. The funds provided are used for assistance grants to cities or their third-party designees for feasibility assessments and predevelopment activities. The Committee understands that over \$243,000 will be devoted to this program in fiscal year 1987.

The Committee urges the Secretary to look favorably on any application for assistance from his discretionary fund that may be submitted by Marathon House, Inc., Rhode Island's oldest and largest nonprofit treatment agency for hardcore adult drug users. The organization's current residential facility sits on condemned land and approximately \$1,000,000 from the discretionary fund is needed to permit Marathon House to build, or purchase and renovate, a facility.

The Committee urges the Secretary to make \$3,000,000 in special projects funding available for the installation of and hookups of water-mains in the hamlets of Mastic/Mastic Beach/Shirley (HUD project No. B-86-SP-36-0100). This project deserves unique consideration because of its compelling and difficult water contamination problem. The Committee also urges the Secretary to make \$150,000 available for urgent construction needs of library facilities at the New York Institute of Technology.

Philadelphia, PA's, Logan neighborhood has experienced a ground subsidence condition such that hundreds of structures are themselves in danger of collapse, or are likely to be damaged by the collapse of adjacent structures. Accordingly, the Committee urges the Department to work with local authorities to develop a plan to remedy the situation and to give priority to finding a solution to the Logan area problems utilizing discretionary funds or other appropriate programs.

URBAN DEVELOPMENT ACTION GRANTS

1987 appropriation	\$225,000,000
1988 budget estimate	
House allowance	225,000,000
Committee recommendation	225,000,000

PROGRAM DESCRIPTION

Under section 119 of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award urban development action grants [UDAG] to economically distressed cities and counties. The Secretary is also authorized to use up to 20 percent of the UDAG funds appropriated for the purpose of making grants to eligible "pockets of poverty" jurisdictions.

The primary objective of UDAG is to revitalize distressed communities by stimulating economic development, which in turn will create new permanent jobs and new sources of tax revenue.

A major focus of the UDAG Program, and one that tends to distinguish it from other urban aid programs, is the requirement that leveraging of private investment in discrete projects in distressed cities and urban counties must be in evidence before UDAG funding is approved.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in providing \$225,000,000 for the UDAG program in fiscal year 1988, the same as the current appropriation. The administration requested no funding for the program.

The Committee also recommends inclusion of language in the bill which would amend 42 U.S.C. 5318(n)(2) to permit the Secretary to approve a UDAG grant to an Indian tribe located on former reservation lands in Oklahoma. This language simply expands the Secretary's discretion to fund worthwhile applications.

REHABILITATION LOAN FUND

PROGRAM DESCRIPTION

Section 312 of the Housing Act of 1964, as amended, authorizes the Secretary to make loans for the rehabilitation of single family and multifamily residential properties and nonresidential properties in federally aided community development grant, urban homesteading, urban renewal and code enforcement areas certified by local governments. The Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181) prohibits funding priority based on (1) type of dwelling unit, or (2) the receipt of assistance for housing or community development, other than assistance for local homesteading programs.

COMMITTEE RECOMMENDATION

The Committee concurs with the House and recommends the continuation of the section 312 rehabilitation loan program during fiscal year 1988 although the administration has proposed its termination. An estimated \$95,000,000 from repayments and other income sources, plus unused balances of roughly \$115,000,000 from 1987, will be available in 1988 for new loans and other expenses.

The President's budget, in addition to proposing the termination of the program in fiscal year 1988, assumes the sale of the section 312 loan portfolio. The Committee believes the asset sale cannot be justified on budgetary or policy grounds and concurs with the House in including language in the bill prohibiting the use of appropriated funds to initiate such activities.

URBAN HOMESTEADING

1987 appropriation	\$12,000,000
1988 budget estimate	12,000,000
House allowance	15,000,000
Committee recommendation	12,000,000

PROGRAM DESCRIPTION

Section 810 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to transfer, without payment, to a unit of general local government, State or public agency, any HUD-owned, unoccupied, one- to four-family residences for use in an

approved urban homesteading program. Section 810 also authorizes the Administrator of Veterans Affairs and the Secretary of Agriculture to transfer their unoccupied, one- to four-family residences for use in HUD-approved urban homesteading programs.

The funds appropriated for urban homesteading reimburse the Federal Housing Administration Fund or the Rehabilitation Loan Fund for HUD-owned properties, the Administrator of Veterans Affairs for Veterans' Administration [VA] properties, and the Secretary of Agriculture for Farmers Home Administration [FmHA] properties used by approved homesteading localities. The reimbursements are for the fair market value of each property.

The budget proposes legislation which would require local agencies to give special priority to lower income families wishing to participate in the program.

COMMITTEE RECOMMENDATION

The Committee recommends \$12,000,000 for the Urban Homesteading Program, the same as the 1987 level and the budget estimate and \$3,000,000 less than the House allowance. This will permit the transfer of 665 Federal properties in 1988, including VA and FmHA properties.

In view of the Department's success in obligating homesteading funds over the years, as attested to by the program's low end-of-year unobligated balances, as well as tight budget restraints which dictate against an increase in the current level of funding, the Committee believes that the current cap on the acquisition cost of homesteading units is appropriate. The House supports an increase in the cap to \$25,000.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

1987 appropriation	\$17,000,000
1988 budget estimate	18,900,000
House allowance	17,000,000
Committee recommendation	17,000,000

PROGRAM DESCRIPTION

Title V of the Housing and Urban Development Act of 1970, as amended, directs the Secretary of the Department of Housing and Urban Development to undertake programs of research, studies, testing, and demonstrations relating to the Department's mission and programs. These functions are carried out internally and through grants to and contracts with industry, nonprofit research organizations, educational institutions, and through agreements with State and local governments and other Federal agencies. The research programs focus on ways to improve the efficiency, effectiveness, and equity of HUD programs and identify methods to achieve cost reductions.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending \$17,000,000 for this account. This is \$1,900,000 less than the budget request and the same as the current level of funding.

The Committee is disturbed by the Department's lengthy delays in producing the \$4,500,000 public housing modernization needs study, which was to be completed in 1986. The most recent missed deadline was for the national needs assessment, which was to be available by the end of May. Modernization of public housing, which should be made less costly and more efficient as a result of this study, is very important to the Committee as demonstrated by the large amount of budget authority devoted to the program under the assisted housing account. The Committee looks forward to receiving the modernization report in the near future and urges the Department to facilitate its production.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ASSISTANCE

1987 appropriation.....	\$6,341,300
1988 budget estimate.....	6,400,000
House allowance.....	5,000,000
Committee recommendation.....	5,000,000

PROGRAM DESCRIPTION

The fair housing assistance program helps State and local agencies to implement title VIII of the Civil Rights Act of 1968, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services. The major objective of the program is to assure prompt and effective processing of title VIII complaints with appropriate remedies for complaints by State and local fair housing agencies. The program also provides assistance to community housing resource boards, consisting of representatives of community organizations throughout a metropolitan area, which enhance the ability of the Department to carry out its voluntary compliance and enforcement program.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in providing \$5,000,000 for fair housing assistance in fiscal year 1988, a reduction of \$1,400,000 below the budget request. This includes \$4,000,000 in grants to support State and local fair housing agencies for capacity building, training, and complaint processing and monitoring. In addition, \$1,000,000 is provided to support community housing resource boards.

The Committee notes that as of August 31, 1987, \$1,073,000 in fiscal year 1986 fair housing assistance funding remained unobligated. Furthermore, the Department's fiscal year 1988 request is premised on the assumption that it will be able to obligate fair housing funds in fiscal year 1987 at a 25-percent greater rate than it has historically achieved in

any one year. The Committee questions the feasibility and likelihood of this much higher obligation rate occurring and thus assumes a greater carryover of unobligated prior-year funding into fiscal year 1988 to supplement the \$5,000,000 recommended by the Committee. Furthermore, the Committee notes that the Department proposed to transfer \$1,400,000 of the total requested into a fair housing initiatives program that has not yet been authorized.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

	Appropriation	FHA funds (by transfer)
1987 appropriation	\$340,423,000	\$306,962,000
1988 budget estimate	308,819,000	338,719,000
House allowance	340,789,000	358,132,000
Committee recommendation	330,907,000	358,132,000

PROGRAM DESCRIPTION

The appropriation proposed by the Committee would finance all salaries and related expenses associated with administering the programs of the Department of Housing and Urban Development, including the following activities:

1. *Housing and mortgage credit programs.*—This activity includes staff salaries and related expenses associated with administering housing programs, the implementation of consumer protection activities in the areas of interstate land sales, mobile home construction and safety, and real estate settlement procedures.

2. *Community planning and development programs.*—Funds in this activity are for staff salaries and expenses necessary to administer community planning and development programs.

3. *Equal opportunity and research programs.*—This activity includes salaries and related expenses associated with implementing equal opportunity programs in housing and employment as required by law and executive orders and the administration of research programs and demonstrations.

4. *Departmental management, legal and audit services.*—This activity includes a variety of general functions required for the Department's overall administration and management. These include the Office of the Secretary, Office of General Counsel, and the Office of Inspector General as well as administrative support in such areas as accounting, personnel management, contracting and procurement, and office services.

5. *Field direction and administration.*—This activity includes salaries and expenses for the regional administrators, area office managers, and their staffs who are responsible for the direction, supervision, and performance of the Department's field offices, as well as administration support in areas such as accounting, personnel management, contracting and procurement, and office services.

COMMITTEE RECOMMENDATION

The Committee recommends \$330,907,000, in direct appropriations plus \$358,132,000 from various funds of the Federal Housing Administration, for salaries and expenses of the Department of Housing and Urban Development in 1988. This amount, together with an estimated \$9,890,000 in transfers from other sources, will provide a total of \$698,929,000 for management of HUD, a reduction of \$10,978,000 below the House-passed level and an increase of \$40,405,000 in the administration's request. The Department estimates this level of funding will support 13,670 staff years requiring wage and salary benefit funding of \$508,491,000. This will leave \$190,438,000 for all other objects of expenses. This has been adjusted from the basis included in the budget and House Committee's calculations to reflect lower average personal services costs offset by unanticipated increases in space rental, FTS, and postage bills.

The Committee recommendation includes the following change from the budget estimate:

- + \$17,222,000 for 464 staff years to support the recommended program levels. The additional staffing includes 136 in housing, 202 in public and Indian housing and 126 in community planning and development.

- + \$1,900,000 for 45 staff years for homeless programs.

- \$520,000 and 13 staff years for the Office of Policy Development and Research. This maintains staffing at the 1987 enacted level of 132.

- + \$1,000,000 to continue the Housing Assistance Council at the current program level.

- + \$18,158,000 in the FHA transfer limitation for 536 staff years to meet the anticipated FHA workload in insurance applications property acquisitions and sales. The additional staffing includes 414 in housing, 65 in administration, and 57 in field administration. The increase for administration includes up to 20 staff years to reduce the response time for distributive shares processing.

The Committee recommends the deletion of House-approved bill language requiring minimum staffing levels for housing, as well as community planning and development. Although the Committee expects the Department to implement the recommendations contained in this report, the Committee prefers to allow the Department the flexibility to make staffing changes where appropriate subject, of course, to the Committee's reprogramming notification requirements.

The Committee expects the staffing changes to be allocated as shown in the following table:

STAFF-YEAR SUMMARY

	1987 enacted	Agency request	1988		Change from House
			House recom- mendation	Senate recom- mendation	
Housing:					
Washington	515	520	540	520	- 20
Field	5,713	5,412	5,962	5,962	
Public and Indian housing:					
Washington	143	140	150	140	- 10
Field	1,127	928	1,220	1,130	- 90
Government National Mortgage Association: Washington	59	56	56	56	
Solar Energy and Energy Con- servation Bank: Washington ..	2		4		- 4
Community planning and de- velopment:					
Washington	269	231	273	269	- 4
Field	917	689	890	777	- 113
Policy development and re- search: Washington	132	145	132	132	
Fair housing and equal oppor- tunity:					
Washington	128	128	128	128	
Field	460	460	460	460	
Departmental management:					
Washington	137	145	145	145	
Office of General Counsel:					
Washington	225	225	225	225	
Field legal services: Field	268	265	265	265	
Office of Inspector General:					
Washington/field	487	495	495	495	
Administration and staff serv- ices: Washington	1,325	1,177	1,242	1,242	
Working Capital Fund: Wash- ington	274	271	271	271	
Field direction and operational support: Field	539	533	533	533	
Field administration: Field	857	818	875	875	
Homeless programs:					
Washington			20	20	
Field			25	25	
Total	13,577	12,638	13,911	13,670	- 241

The Committee is concerned about the competitive implications of the recent selection by HUD of a model code writing organization to develop and maintain the Federal manufactured home construction and safety standards. It notes that Congress in the National Manufactured Housing Construction and Safety Standards Act of 1974 specifically delegated to the Secretary the function of developing and maintaining these standards and that funds have been included in the bill for this purpose. The Committee believes that the Secretary should reconsider the appropriateness of the arrangements made pursuant to Federal Register Notice 52 FR 4263 for a model code writing organization to develop and maintain these standards.

TITLE II—INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

1987 appropriation.....	\$14,813,000
1988 budget estimate.....	12,925,000
House allowance.....	12,925,000
Committee recommendation.....	12,925,000

PROGRAM DESCRIPTION

The American Battle Monuments Commission [ABMC] is responsible for the maintenance and construction of U.S. monuments and memorials commemorating the achievements in battle of our Armed Forces since April 6, 1917; for controlling the erection of monuments and markers by U.S. citizens and organizations in foreign countries; and for the design, construction, and maintenance of permanent military cemetery memorials in foreign countries. The Commission maintains 24 military cemetery memorials on foreign soil; 14 monuments and memorials not a part of the cemeteries; and 2 bronze tablets. In addition, the Commission administers four large memorials on U.S. soil.

COMMITTEE RECOMMENDATION

The Committee recommends \$12,925,000 for the salaries and expenses of the American Battle Monuments Commission. This is the same amount as the budget request and the House allowance.

The amount proposed is sufficient to administer, operate, and maintain the American Battle Monuments Commission's military cemeteries, monuments, and memorials throughout the world. This amount will support 387 full-time permanent positions.

The Committee notes that it provided \$3,000,000 in the fiscal year 1987 supplemental appropriation bill to partially offset the negative effect the deteriorating exchange rate has had on ABMC's ability to buy goods and services overseas. The Committee earmarked \$1,350,000 for foreign currency fluctuation reserve.

The Committee believes that a potential source of funds for the ABMC lies in contributions from the guests visiting the cemeteries and memorials each year. Therefore, the Committee directs the ABMC to investigate the possibility of making provisions for donations at its cemeteries and memorials.

The Committee recommends the inclusion of language in the bill permitting private contributions to the Korean War Memorial Fund to be

used for authorized travel by the Korean War Veterans Memorial Advisory Board. The Committee anticipates that these costs will not exceed \$7,000 a year. The allowances will be the same as those provided in Federal travel regulations.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

1987 appropriation.....	\$34,600,000
1988 budget estimate.....	34,188,000
House allowance.....	34,400,000
Committee recommendation.....	34,178,000

PROGRAM DESCRIPTION

The Commission is an independent regulatory agency that was established on May 14, 1973, and is responsible for protecting the public against unreasonable risks of injury from consumer products; assisting consumers to evaluate the comparative safety of consumer products; developing uniform safety standards for consumer products and minimizing conflicting State and local regulations; and promoting research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

In carrying out its mandate, the Commission establishes mandatory product safety standards, where appropriate, to reduce the unreasonable risk of injury to consumers from consumer products; helps industry develop voluntary safety standards; bans unsafe products if it finds that a safety standard is not feasible; monitors recalls of defective products; informs and educates consumers about product hazards; conducts research and develops test methods; collects and publishes injury and hazard data, and promotes uniform product regulations by governmental units.

The 1981 amendments to the Consumer Product Safety Act [CPSA] require the Commission to analyze costs and benefits of proposed rules, consider the protection afforded by existing voluntary standards and voluntary standards which could be developed and examine all reasonable alternatives to mandatory requirements before proposing standards and major regulations, and again before issuing any such rule on a final basis.

To meet its obligations under the Consumer Product Safety Act and the other legislative mandates listed above, the Commission has developed a set of programs which address specific product hazards.

COMMITTEE RECOMMENDATION

The Committee recommends \$34,178,000 for the activities of the Consumer Product Safety Commission [CPSC], a \$10,000 general reduction below the budget estimate to be made at the Commission's discretion.

The Committee agrees with the House recommendation to limit personnel compensation and benefits to three Commissioners, to facilitate the Commission's reorganization next year. Bill language limiting the use of appropriated funds in applying cost/benefit analyses to enforcement actions is also included. The Committee concurs with the House that subjecting enforcement actions to such analysis is inconsistent with statutory mandates and detrimental to the Commission's credibility. The Committee's recommendation should not be construed as prohibitive in terms of providing information on the cost of injuries, a firm's financial condition, its ability to pay, and the market effects of an enforcement action. The Committee agrees with the House that the limitation is not intended in any way to preclude the Commission from fulfilling its legal requirements under sections 12 or 15.

While the Committee concurs with the House recommendation to reduce five FTE's from public affairs, economics, and general counsel, it is not the Committee's intention to adversely impact onboard employees. Such changes should be facilitated through attrition or reassignment. Accordingly, the Committee directs that the recommended reductions be made over a period of time long enough to minimize staff disruption and preclude the use of reduction-in-force procedures.

Intragency disputes among the Chairman and the Commission, and the constant personnel shuffling initiated by the Chairman, often over the objections of the other Commissioners, has impeded the CPSC's mission to protect the public. The agency is top heavy with noncareer appointees and Schedule A appointees who are acting as special assistants.

Each year there are 30,000 deaths associated with consumer products. Under its current Chairman, the CPSC has not brought a major enforcement action and no major safety regulation has been issued. For example, in December 1986 the Commissioners voted to start a major enforcement action against all-terrain vehicle products that allegedly are associated with 20 deaths per month and 7,000 estimated injuries per month. The Chairman dissented from this action. Nearly 10 months later, a complaint still has not been filed and the deaths and injuries continue.

The agency has been paralyzed and its enforcement effort curtailed by recent personnel actions initiated by the Chairman over the objections of the Commissioners. Also, over the objections of the Commissioners, the Chairman removed the Associate Executive Director for Compliance and Administrative Litigation, a well-respected 11 year appointee and assigned him to ill-defined duties, while replacing him with a nonlawyer. The Chairman has made other personnel actions affecting key employees over the objections of the other Commissioners. At the present time approximately one-third of the agency's operating divisions are headed on an acting basis.

The Committee understands that the Commerce Committee is undertaking a reauthorization of the CPSC which hopefully will address these and other concerns over the effective operations of the agency in pro-

protecting the safety of American consumers. The Committee, therefore, has deferred recommending more substantive measures, at this time, to allow the authorizing committees to complete their consideration of this serious matter.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

1987 appropriation	\$15,823,000
1988 budget estimate	9,971,000
House allowance	8,504,000
Committee recommendation	8,504,000

PROGRAM DESCRIPTION

Responsibility for the operation of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery is vested in the Secretary of the Army. As of September 30, 1987, Arlington and Soldiers' and Airmen's Home National Cemeteries contained the remains of 216,000 persons and comprised a total of approximately 628 acres. There were 2,914 interments and 1,132 inurnments in fiscal year 1986; 2,953 interments and 1,217 inurnments are estimated for the current fiscal year; and 3,012 interments and 1,308 inurnments for fiscal year 1988.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending an appropriation of \$8,504,000 for Army cemeterial expenses. This is \$1,467,000 less than the budget request. The funds provided are \$7,319,000 less than last year's appropriation which reflects the fact that an appropriation of \$9,082,000 was made in fiscal year 1987 for the construction of the parking facility associated with the visitors center. The visitors center, funded in fiscal year 1986, is currently under construction.

An appropriation of \$452,000 is provided for the design of the next increment of the columbarium. The funds recommended are also sufficient to provide for the cost of daily operations necessary to support an average of 15 interments/inurnments daily, for maintenance of 628 acres, and to support 141 full-time permanent positions.

ENVIRONMENTAL PROTECTION AGENCY

1987 appropriation	\$4,164,092,000
1988 budget estimate	4,680,062,000
House allowance	5,273,315,000
Committee recommendation	5,275,562,000

The Committee recommends an appropriation of \$5,275,562,000 for EPA's programs in fiscal year 1988. This amount is \$595,500,000 more than the budget estimate and \$2,247,000 more than the House allowance.

GENERAL DESCRIPTION

The Environmental Protection Agency [EPA] was created through an executive reorganization plan—Reorganization Plan No. 3 of 1970—designed to consolidate certain Federal Government environmental activities into a single agency. The plan was submitted by the President to the Congress on July 8, 1970 and the Agency was established as an independent agency in the executive branch on December 2, 1970 by consolidating 15 components from 5 departments and independent agencies.

A description of EPA's pollution control programs by media follows:

Air.—The Clean Air Act authorizes a national program of air pollution research, regulation, and enforcement activities. Under the act, primary responsibility for the prevention and control of air pollution at its sources rests with State and local government, with a strong mandate that the Environmental Protection Agency take action when States do not fulfill their responsibilities. EPA's role is to conduct research and development programs, insure that adequate standards and regulations are established to meet environmental goals set by the act, support State and local control activities, and insure that the standards and regulations are effectively enforced. The air program encompasses activities related to the development and implementation of air pollution control strategies and achievement of air quality standards.

Water quality.—The Clean Water Act, as amended in 1977, 1981, and 1987, provides the framework for protection of the Nation's waters. The law recognizes that it is the primary responsibility of the States to prevent, reduce, and eliminate water pollution. The States determine the desired uses for their waters, set standards, identify current uses, and, where uses are being impaired or threatened, develop plans for the protection or restoration of the designated use. They implement the plans through control programs such as permitting and enforcement, construction of municipal wastewater treatment works, and nonpoint source control practices.

The 1987 CWA amendments authorized the National Estuary, Clean Lakes, Chesapeake Bay, Great Lakes, and State Revolving Fund programs, while greatly increasing permit requirements to include sludge, stormwater and toxic controls.

The Marine Protection, Research, and Sanctuaries Act also forms a part of the framework to protect the Nation's waters. It authorizes the Agency to regulate ocean dumping through the development of regulations and criteria and through an Ocean Dumping Permit Program.

The Environmental Protection Agency has the role of establishing national regulations and guidelines to assure that the goals of the acts are met; conducting research and development on methods, procedures, and technologies for water pollution control; making grants to support State and local activities; and insuring that standards and regulations are enforced effectively.

Drinking water.—The purpose of the Drinking Water Program is to assure that the Nation's public drinking water is safe. In the time since

a Federal role was established with the Safe Drinking Water Act of 1974, the number of community water systems that are regularly monitoring drinking water quality in conformance with consistent national regulations has increased fourfold. Compliance with the microbiological maximum contaminant level and with monitoring and reporting requirements has increased over the years, so that by the end of 1982 only 8 percent of the community systems were classified as persistent violators of these requirements.

The Drinking Water Program encompasses the following activities: (1) establishing national drinking water standards; (2) protecting underground sources of drinking water, particularly by controlling underground injection of wastes; (3) assisting the States in assuming primary responsibility for monitoring and enforcing compliance with national standards and regulations; (4) directly implementing programs for public water system supervision and underground injection control in States that have not received primary enforcement responsibility; and (5) performing research which supports the development, revision, and implementation of regulations.

Hazardous waste.—The Resource Conservation and Recovery Act of 1976 [RCRA] mandated EPA to develop a regulatory program to protect human health and the environment from improper hazardous waste disposal practices. The RCRA Program manages hazardous wastes from generation through disposal.

EPA's responsibilities and authorities to manage hazardous waste were greatly expanded under the Hazardous and Solid Waste Amendments of 1984. Not only does the regulated universe of wastes and facilities dealing with hazardous waste increase significantly, but past mismanagement practices, in particular prior releases at inactive hazardous and solid waste management units, must be identified and corrective action taken. The 1984 amendments also authorized a regulatory and implementation program directed to owners and operators of underground storage tanks.

Major activities under the Hazardous Waste Management Program include: (1) developing new and revising existing regulations and guidelines for hazardous waste handlers; (2) conducting research and development to support the hazardous waste program; (3) implementing a permitting and corrective action program; (4) enforcing compliance with regulations, and (5) authorizing and assisting State implementation of the program.

Pesticides.—The objective of the Pesticide Program is to protect the public health and the environment from unreasonable pesticide risks while permitting the use of necessary pest control technologies. This objective is pursued by EPA through three principal means: (1) review of existing and new pesticide products; (2) enforcement of pesticide use rules; and (3) research and development to reinforce the ability to evaluate the risks and benefits of pesticides.

Radiation.—The radiation programs' major emphasis is to minimize the exposure of persons to ionizing radiation, whether from naturally

occurring sources, from medical or industrial applications or nuclear power sources. While some exposure to radiation is inevitable, EPA takes the position that no avoidable risk attributable to such exposure should occur to individuals or to the environment without offsetting benefits. EPA pursues this protective goal through three interdependent sets of activities; (1) development of criteria, standards, and guidelines; (2) assessment of the environmental impact of emerging radiation problems; and (3) surveillance of radiation levels in the environment.

Toxic substances.—The Toxic Substances Control Act [TSCA] establishes a program to stimulate the development of adequate data on the effects of chemical substances on health and the environment, and institute control action for those chemicals which present an unreasonable risk of injury to health or the environment. The act's coverage is broad, affecting more than 60,000 chemicals currently in commerce, and all new chemicals.

The major programs that the Agency must develop and implement to carry out the provisions of the act are those to: (1) require testing of chemicals and submission of reports of existing information by industry and review these and other data to determine chemical hazards; (2) review and act on new chemical and significant new use notifications by industry; (3) control the manufacturing, processing, distribution, use, and disposal of existing chemicals that pose unreasonable risks to health and the environment; (4) enforce these statutory and regulatory programs; (5) conduct research and development to support the implementation of the law; and (6) insure that all Agency programs dealing with toxic substances coordinate and integrate risk assessments, priority setting, and regulatory actions. In addition, the toxic substances program supports programs as authorized under the Asbestos School Hazard Abatement Act [ASHAA] and reporting requirements established by title III of the Superfund Amendments and Reauthorization Act of 1986.

Interdisciplinary.—The interdisciplinary medium is designed to support programs where the problems, tools, and results are multidisciplinary in nature and must be coalesced into an integrated program. This integrated program encompasses the Agency's enforcement policy and litigation activities. This concept is also employed in the Agency's efforts to advance the state-of-the-art in the Agency's scientific capabilities and knowledge through the Exploratory Research Program, to review other agencies' environmental impact statements [EIS's], to prepare new source EIS's, and to promote compliance of Federal activities with regulations for environmental pollution control.

Energy.—The primary objective of the Energy Research and Development Program is to insure that the Nation's energy production and utilization practices proceed in an environmentally acceptable manner. Satisfying this objective requires research and development to better understand the phenomena of acid precipitation.

Superfund.—The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] established a national pro-

gram to protect public health and the environment from the threats posed by inactive hazardous waste sites and spills of hazardous substances. The original statute was amended by the Superfund Amendments and Reauthorization Act of 1986 [SARA]. SARA greatly expanded the original taxing authority, which had expired, and significantly broadened basic program authorities established under CERCLA.

To achieve its objectives, the EPA: (1) Provides short-term emergency response to clean up hazardous waste spills; (2) undertakes long-term cleanup of the Nation's most serious inactive or abandoned hazardous waste sites which are designated on the national priorities list; (3) compels responsible parties to directly undertake response actions whenever possible; (4) conducts alternative/innovative treatment technology research and demonstrations; and (5) seeks to recover moneys expended from the trust fund through enforcement actions.

SARA created an \$8,500,000,000 Hazardous Substance Superfund to finance the cleanup and enforcement activities required by the statute. This fund is financed primarily by excise taxes levied on oil and chemical manufacturers, a corporate environmental tax, general fund appropriations, interest on investments, and cost recoveries.

Leaking underground storage tanks.—Subtitle I of the Solid Waste Disposal Act as amended by the Superfund Amendments and Reauthorization Act of 1986 [SARA] authorizes the establishment of a response program for cleanup of releases from leaking underground storage tanks that contain petroleum. Owners and operators of facilities with underground storage tanks have the initial responsibility for cleanup and once regulations are in place, must maintain evidence of financial responsibility. The Leaking Underground Storage Tank [LUST] Trust Fund provides supplemental cleanup capabilities.

The Agency's objective is to implement the LUST response program primarily through cooperative agreements with States. The EPA or States with cooperative agreements may use the trust fund to undertake corrective action for cleanup of releases, enforce corrective action by responsible owners and operators, and pursue recovery of costs expended from the fund.

SALARIES AND EXPENSES

1987 appropriation	\$710,107,000
1988 budget estimate	772,955,000
House allowance	803,630,000
Committee recommendation	796,870,000

PROGRAM DESCRIPTION

The salaries and expenses appropriation supports all costs of administering EPA's programs, exclusive of grant programs and contractual agreements for specific programs. This account provides support for executive direction, management, and support for all Agency programs at headquarters and the 10 regional offices. It also provides funding for repair and improvement projects under \$25,000. In addition to personnel and administrative costs associated with abatement, control and

compliance, research and development, and enforcement activities, the salaries and expenses appropriation supports the following functions:

1. *Program management.*—This activity covers the salaries and related expenses for the assistant administrators and immediate staffs in the Offices of Water; Air and Radiation; Pesticides and Toxic Substances; Solid Waste and Emergency Response; Research and Development; Enforcement and Compliance Monitoring; General Counsel; and External Affairs.

2. *Agency management.*—This activity supports agencywide policy direction and management activities, including the salaries and associated costs for: the Immediate Office of the Administrator; the offices which report directly to the Administrator; the Inspector General; the Office of General Counsel; the Office of Administration and Resources Management; the Office of Policy, Planning, and Evaluation; and the headquarters components of External Affairs.

3. *Regional management.*—This activity supports the regional administrators, their immediate staffs and the staff offices reporting directly to them such as intergovernmental relations, public affairs, and civil rights. Regional management also includes the regions' central management functions: planning and analysis, budgeting, financial management, personnel management, and administrative services as well as the regional counsel.

4. *Laboratory support.*—This activity supports operation of the laboratories of the Offices of Research and Development; Pesticides and Toxic Substances; and Air and Radiation. These costs consist mainly of laboratory services such as, utilities, building maintenance, custodial services, communications, and other operational expenses.

5. *Agency support.*—This activity provides general office and building services and support for program operations at EPA headquarters, Research Triangle Park, and Cincinnati. Agency support also includes agencywide costs which are managed at headquarters and which support the needs of all Agency programs. Examples of such costs include facilities rent, ADP support, and use of the Federal Telecommunications System.

6. *Regional support.*—This activity supports basic needs of the regions, including telephone service, guard services, printing and copying services, rental of office equipment, ADP equipment, and other office and building services.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$796,870,000. This is \$23,915,000 above the budget estimate, \$6,760,000 below the House allowance, and represents an increase of \$86,763,000 over the fiscal year 1987 level.

The Committee recommends the addition of \$900,000 and 15 positions for radon activities. This will increase staffing by approximately 25 percent. As the discoveries of elevated indoor radon levels from air and water sources across the country accelerate, the Committee believes the

Agency must expand its programs to conduct research, provide assistance to States that have just discovered radon problems, and disseminate information to educate and protect consumers of radon services in the private sector. One-third of the additional positions should be used for radon mitigation research, and the remaining two-thirds should be used for operational activities, including surveys, measurement method evaluation and development, training, and information dissemination.

The Committee concurs with the House in recommending the following additions:

+ \$4,000,000 and 83 positions for emergency planning and community right-to-know activities, offset by a corresponding reduction in Superfund.

+ \$14,000,000 and 250 positions to meet the Agency's expanded clean water responsibilities.

+ \$2,000,000 and 40 positions for enforcement, including administrative penalties under the clean water amendments.

+ \$1,000,000 and 20 positions to restore the reduction proposed in limestone injection multistage burner [LIMB] research.

+ \$1,000,000 and 20 positions for pesticide registration and reregistration.

+ \$300,000 and six positions for ground water programs, including research laboratory staff.

The Committee recommends the deletion of funding added by the House for risk assessment activities (\$2,000,000 and 22 positions); the inspector general (\$1,000,000 and 20 positions); and funds to establish a formal hazardous waste minimization program (\$500,000 and 6 positions).

The Committee recommends \$650,000 and 10 additional FTE's to carry out the work of the Great Lakes National Program Office contained in the 1987 Clean Water Act amendments (five for toxic hotspot work, three for monitoring and surveillance, and two for coordination with NOAA and the report).

The Committee also recommends \$65,000 and one FTE for the Great Lakes Program Office to be applied to the problem of air toxic contamination of the Great Lakes including the preparation of a draft report by January 1, 1988, recommending a comprehensive model research program to correct the problem.

The Committee was disturbed to learn that the Environmental Protection Agency has no consistent policy for soliciting public comments on international agreements that the Agency negotiates. The Committee strongly urges the Agency to develop and publish in the Federal Register generic regulations for public comment on international agreements.

The Committee encourages the Agency to continue its worthwhile efforts to assess comparative health and environmental risks across its programs. Specifically, EPA should address the data deficiencies reported in its February 1987 report "Unfinished Business: A Comparative Assessment of Environmental Problems." The Committee believes the Agency should significantly narrow these data gaps and have its

work reviewed by outside experts before using the report to set budget priorities.

The Committee understands the authorizing committee intends to oversee the Agency's February report and its ongoing efforts to complete the work underway. The Committee believes this is an appropriate forum by which the Congress can observe EPA's progress and, if appropriate, begin to adjust the Nation's environmental priorities.

The Committee is concerned about EPA's progress on environmental surveys of Indian lands mandated by the Safe Drinking Water Act Amendments of 1986, the Water Quality Act of 1987, and the Superfund Amendments and Reauthorization Act. The Committee notes with concern that the deadline has already passed for the hazardous waste site survey and that the Agency may not be conducting enough field work to support and supplement existing data with respect to all three. The studies are intended to furnish EPA and the tribes with the baseline environmental data necessary for effective environmental protection and regulation on Indian lands. The Committee, therefore, directs EPA to submit a progress report on the Indian lands environmental surveys no later than December 31, 1987, accompanied by cost estimates and timelines for their completion.

RESEARCH AND DEVELOPMENT

1987 appropriation	\$202,500,000
1988 budget estimate	187,600,000
House allowance	199,100,000
Committee recommendation	193,600,000

PROGRAM DESCRIPTION

EPA's research and development program is designed to produce the scientific knowledge and the tools for regulating, preventing, and abating pollution. The Agency's research and development efforts are conducted through grants, contracts, and agreements with universities, industries, other private commercial firms, nonprofit organizations, State and local government, and Federal agencies, as well as through work performed at EPA's laboratories and field stations.

The research and development program encompasses activities such as research on the effects of pollutants on man, animals, aquatic life, plants, materials, and the general environment; research on the processes, such as dispersion, that affect pollution; the development of new and improved sampling and analytical methods and instruments for measuring pollutants; the development, evaluation, and assessment of new and improved technologies for preventing and controlling pollution; development of guidelines and research tools to improve the ability to perform risk assessments; and the development of scientific data necessary to understand the causes and effects of acid rain.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$193,600,000 for EPA research and development in 1988. This is an increase of \$6,000,000 above the budget request, \$5,500,000 below the House allowance, and represents a reduction of \$8,900,000 below the current level.

The Committee has added \$700,000 to restore the radon mitigation research program to its fiscal year 1987 level.

The Committee concurs with the House addition of \$2,500,000 to restore the reduction proposed in limestone injection multistage burner [LIMB] research. The Committee notes that an estimated \$7,000,000 will be transferred to the Agency from the Department of Energy to complete funding for the demonstration of LIMB on a tangentially-fired utility boiler.

The Committee recommends the addition of \$2,800,000 to continue the Center for Environmental Management and expects that \$300,000 of these funds will be used to address alternatives to animals in safety testing.

The Committee does not concur with the \$10,000,000 general reduction recommended by the House as an offset for a systematic research program to reduce uncertainties in risk assessments.

The Committee concurs with House bill language permitting the Agency to use up to \$2,000,000 for the in-house purchase of major scientific equipment. In addition, whenever it is economically advantageous to provide Government-furnished equipment to support projects performed under contract, the Committee permits EPA to provide such equipment to contractors, in lieu of contractor procurement of equipment. Such Government-furnished equipment shall be provided from existing stocks, if available, or through direct procurement with R&D funds when the needed equipment is not otherwise available. A similar provision is also included under the abatement, control, and compliance section.

The Committee recommends the deletion of funding added by the House for exploratory research (\$3,000,000); hazardous waste minimization research (\$1,000,000); and global climate change and ozone depletion research (\$1,000,000).

The Committee notes with interest that the New England Governors Association has proposed to undertake a study involving the use of methanol to reduce emissions from powerplants. This study would quantify the sources of NO_x , SO_x , and VOC emissions which could be reduced by methanol substitution. The study would also assess the further scientific and policy initiatives that would be necessary to facilitate methanol substitution. The Committee directs that \$500,000 of the funds requested for research and development be provided to the New England Governors Conference for this purpose.

The Committee is concerned over the significant erosion in research activities on the health effects of toxic substances and strongly urges the Agency to place a higher priority on both intramural and extramural health effects research next year.

The Committee is supportive of EPA's interest in the development of baseline ecological monitoring programs for important ecosystems. Examples are coastal and fresh water wetlands, alpine and subalpine ecosystems.

The Committee is aware that the Agency has been working with the National Institute for Chemical Studies [NICS] on a phase I health effects study in the Kanawha Valley and recognizes that this work has national significance. The Environmental Protection Agency is expected to continue related phase II studies in conjunction with NICS and other cooperating universities and organizations previously involved in the study. These studies should include data gathering and analysis of indoor and outdoor air toxics information, field testing of survey methods and protocols for subsequent respiratory effects studies at local elementary schools, and creation of a tumor registry in West Virginia. The Committee expects the non-Federal cost sharing of at least 25 percent, in-kind or in cash, to continue throughout phase II.

ABATEMENT, CONTROL, AND COMPLIANCE

1987 appropriation	\$582,685,000
1988 budget estimate	515,085,000
House allowance	672,085,000
Committee recommendation	672,470,000

PROGRAM DESCRIPTION

The Agency's abatement and control effort includes the development of environmental standards; monitoring and surveillance of pollution conditions; grant support for State and local water quality pollution control planning; direct Federal pollution control planning; grant support for State, regional, and local pollution control programs; technical assistance to pollution control agencies and organizations; preparation of environmental impact statements; and assistance to Federal agencies in complying with environmental standards and insuring that their activities have minimal environmental impact.

The compliance activity at EPA—formerly called enforcement under the old appropriation account structure—encompasses the areas of air and water pollution control, drinking water, pesticides, hazardous waste, and toxic substances. A major part of the Agency's compliance effort involves support of, or cooperation with, State and local enforcement programs, such as enforcement of air quality standards, navigable and interstate water quality standards, issuance of pollution discharge permits, and issuance of hazardous waste permits and compliance monitoring. Notices of violation, abatement orders, enforcement conferences, civil and criminal court actions, and, in the case of pesticides, recalls and seizures, are used by the Agency as tools to implement its enforcement responsibilities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$672,470,000 for these activities, an increase of \$157,385,000 over the budget request and a decrease of \$385,000 above the House allowance.

The Committee recommends the addition of \$10,285,000 for the Great Lakes National Program Office to carry out the added responsibilities contained in the 1987 Clean Water Act including: implementing demonstration projects for toxic hotspot cleanup, expanding current monitoring and surveillance efforts, developing and maintaining a coordinated research program with the National Oceanic and Atmospheric Administration [NOAA], and preparing an annual report to Congress and the Administrator on cleanup progress. It is the Committee's intent that funds authorized to be transferred from the Agency to NOAA be implemented under an interagency agreement which specifies how these funds are to be spent. Such funds are restricted in their use to the conduct of research and related technical work in support of the Great Lakes programs to identify and control toxic substances. The NOAA activities are restricted to those activities specified in the annual Great Lakes research plan to be prepared jointly by EPA's Great Lakes National Program Office and NOAA's Great Lakes Research Office, as provided in section 118(e) of the Water Quality Act of 1987.

The Committee recommends the addition of \$7,500,000 to address the problems of ozone depletion and the greenhouse effect. The sum of \$5,000,000 is to be allocated for ozone depletion and \$2,500,000 for the greenhouse effect. The \$5,000,000 will support the implementation of the international protocol and evaluation of the environmental impact of chlorofluorocarbons. The \$2,500,000 will allow the Agency to complete studies now underway on possible effects of climate change and on policy options to stabilize the greenhouse gas content of the atmosphere. The Committee also expects that the Agency will examine the effects of its existing and future air pollution control strategies on the greenhouse effect.

The Committee recommends an additional \$4,500,000 for radon activities, to be allocated as follows: \$1,500,000 to carry out the national assessments of indoor radon levels in residences, schools, and workplaces called for by section 118(k)(1) of the Superfund Amendments and Reauthorization Act of 1986; \$1,000,000 to continue operation of the Agency's Radon Measurement Proficiency [RMP] Program, which has expanded rapidly as many more private firms begin to offer radon measurement services across the country; and \$2,000,000 for the Agency to assemble a national radon data base from private firm measurement data, to further identify high radon risk areas across the country, to expand the radon mitigation training program, to develop additional radon measurement methods or protocols as needed, and to disseminate this information to the public. The Committee believes the maintenance of the RMP program is particularly vital for those States basing certification programs for consumer protection on the RMP program. The funds provided are for radon gas and indoor air pollution programs

under the Radon Gas and Indoor Air Quality Research Act of 1986 (Radon Act); section 103 of the Clean Air Act; and the Public Health Service Act. EPA had authority under section 103 of the Clean Air Act and the Public Health Service Act to conduct radon gas and indoor air quality activities prior to passage of the Radon Act, which authorizes up to \$5,000,000 for such activities. Consistent with section 404 of the Radon Act, however, the Committee believes that Congress did not intend to terminate the radon gas and indoor air quality program under section 103 of the Clean Air Act and the Public Health Service Act, and, therefore, directs that this program continue.

The Committee concurs with the following additions recommended by the House:

The sum of \$10,000,000 for State water quality grants; \$15,000,000 for the Clean Lakes base program and \$2,000,000 for the Chesapeake Bay programs. A total of \$1,500,000 of the recommended Chesapeake Bay appropriation will be used for additional grants to States for clean-up activities and \$500,000 will be used for the purchase of additional computer capacity at the Chesapeake Bay Computer Center.

The Committee also concurs with the House addition of \$1,500,000 toward the purchase of a Great Lakes research vessel; \$5,000,000 for clean water technical assistance to States; \$3,000,000 for drinking water technical assistance including \$2,700,000 for the Rural Water Association and \$300,000 for the Rural Community Assistance Program; \$1,500,000 to accelerate the pesticides-in-groundwater survey; and \$15,000,000 for the emergency planning and community right-to-know program offset by a corresponding reduction in Superfund.

The Committee further concurs with the House addition of \$50,000,000 to maintain current funding for the school asbestos program along with recommended bill language mandating awards by March 1, 1988, and making \$15,000,000 available for school reinspection.

The Committee concurs with the House in recommending the deletion of \$8,000,000 for the new wellhead protection program.

The Committee concurs with the House additions of \$5,000,000 for public water system State grants to address the additional contaminants being regulated and correct serious compliance violations as well as \$3,000,000 for State underground injection control.

The Committee recommends an additional \$1,000,000 for wastewater treatment operator training. These extra resources will maintain the program at the current level.

The Committee recommends deletion of the following House additions to the budget request: Boston Harbor cleanup activities (\$20,000,000); State air grants (\$10,000,000); additional RCRA corrective actions (\$8,000,000); interagency task force for the control of pests and diseases (\$150,000); studies authorized under the clean water amendments (\$4,500,000); hazardous waste minimization (\$5,000,000); Oakwood Beach Red Hook Utility relocation reimbursement (\$2,000,000); academic training grants (\$2,000,000); and the San Joaquin Valley air quality model (\$1,000,000).

The Committee recommends \$20,400,000 for the storage and disposal of suspended pesticides including EDB, silvex, and dinoseb. This is \$12,050,000 over the House recommendation. The Committee concurs with the administrative provision recommended in the House bill to prohibit the use of funds for indemnification payments.

The Committee recommends \$700,000 for the initiation of a New York Bight restoration plan to be prepared by the Administrator in consultation with Federal, State, and interstate agencies, and the public including the use of public hearings within 3 years of enactment of this act.

The plan should include an identification and assessment of: pollutant inputs; their effect on the marine environment; methods and costs necessary to control such inputs; impediments to cleanup; a schedule of economically feasible projects to implement these pollution controls and to remove impediments to cleanup; and recommendations for funding and coordinating the various governmental programs necessary to implement such projects.

Within 6 months of enactment of this act, the Agency should submit to Congress a schedule (and the associated funding requirements) for completing the restoration plan specified herein including an assessment of when the final plan will be completed.

For purposes of the directives of the Committee, the New York Bight should be construed to cover the area including the Hudson-Raritan Estuary and the ocean waters of the Atlantic Ocean west of Montauk, Long Island (71 degrees 50 minutes west longitude), north of Cape May, NJ, and extending seaward to the edge of the Continental Shelf.

The Committee also recommends the addition of \$10,000,000 for funding through the grants program established under section 28 of the Toxic Substances Control Act, State, including activities of State emergency response commissions, and local activities required under the Emergency Planning and Community Right-to-Know Act of 1986. The Committee recognizes the important role that States and local governments must play in implementing title III of Superfund, and the need for Federal assistance in meeting these statutory obligations. The Committee directs EPA expeditiously to move forward in implementing this grants program to assist States, local governments, and local emergency planning committees in complying with all title III activities. The Committee stresses that these grants should be made available for all title III activities, including both subtitle A emergency planning and notification functions and subtitle B reporting requirements. Grants should be coordinated among the various offices having responsibility for all requirements of title III, including but not limited to the Office of Pesticides and Toxic Substance and the Office for Solid Waste and Emergency Response, and should be awarded in coordination with State emergency response commissions. The Committee notes that the State share required by section 28 of TSCA can be met by either State expenditures for State title III activities or State expenditures to finance title III activities of localities, local governments, or local emergency

planning committees. The Committee directs the Agency in making such grants to ensure that 75 percent of all awarded grant moneys are passed through from the State to units of general purpose, local governments, including municipalities and counties, or local emergency planning committees to assist in performance of title III activities. The Committee further directs the Agency to award such grants in proportion to State and local needs, as measured by such factors as the extent to which chemical substances and mixtures are manufactured, processed, used and disposed of in a State, the extent of potential exposure in a State of human beings and the environment to chemical substances and mixtures, and the population density of a State. The Agency should assure that State awards to localities or local emergency planning committees are in proportion to local needs as measured by these same such factors as presence of substances, extent of potential exposure, and population density. This appropriation is not intended to preempt the ability of States, local governments or other governmental units to fund their title III activities by other and additional means. The Agency should take all steps necessary to be able to accept applications no later than 2 months following enactment of this act. No later than 45 days after receipt of an application, the Agency must make a determination whether to award a grant.

Of all segments of the U.S. population exposed to the health hazards of pesticides, farmworkers and their children are the most deeply affected. Yet, there are no reliable data that characterize the health status of this group of workers, nor are there data examining the impact of exposure to pesticides on this segment of the population. The Committee is concerned that this important information be collected and analyzed. The Agency is directed to begin the process of developing a study that would be based upon other State or Federal data that will be collected independently, such as the Health and Nutrition Evaluation Survey [HANES] which is conducted by the National Center for Health Statistics.

The Committee notes that a new HANES will be started in fiscal year 1988 and suggests that the Agency work with appropriate offices within the Health and Human Services Department for purposes of collecting the data and consult, as appropriate, with the Committee regarding the progress of the study. The Agency should approach the study with a goal of examining the prevalence of pesticide poisoning in selected representative geographic areas and a longitudinal followup with biological monitoring over time with appropriate subsets of the population sample. The Committee directs that \$200,000 be allocated within available resources to initiate this project.

The Committee is concerned over reports that smaller States are being hit particularly hard in their efforts to maintain adequate enforcement levels regarding the health and safety of pesticides. The Committee directs the Agency to provide a minimum enforcement grant of

\$90,000 next year for each of the 50 States. In order to accomplish this purpose, the Committee directs the Agency, within available resources, to provide an additional \$100,000 to the enforcement grant program of \$8,700,000. The Committee expects the Agency to use this funding to raise the minimum funding level and does not intend to affect the State grant formula.

The Committee further directs the Administrator of EPA, working through the Assistant Administrator for Pesticides and Toxic Substances, to contract with the National Academy of Sciences to conduct a study to determine the exposure to, and risks from, pesticides in the diets of potentially sensitive population subgroups, in particular infants and children. Such a study shall take into account exposure to pesticides through consumption of both food and water, and shall consider the potential for chronic and acute health effects. The adequacy of current risk assessment methods and policies to protect these population subgroups from unreasonable risks shall be assessed and research recommendations offered.

In conducting such a study, the National Academy of Sciences shall seek advice and data from recognized public and private sector scientists and organizations. The Academy will present the report to the Administrator of EPA within 18 months of initiation of the project, and shall henceforth report to the Committee plans to implement the report's recommendations. Funds not in excess of \$600,000 shall be committed to support this activity, with at least one-half of the funds provided in fiscal year 1988 within available resources.

The Committee recognizes and strongly encourages the Agency's cooperation with other Federal departments, agencies, private organizations, and State and local instrumentalities to develop preliminary plans for the coordination of efforts aimed at addressing water and habitat quality issues in the Gulf of Mexico. Such planning projects shall also include participants from the minerals and fishing industries and conservation associations.

The Committee encourages EPA to cooperate fully with USDA's Animal and Plant Health Inspection Service in developing an experimental use permit for CPT and other toxicants for controlling damaging and nuisance blackbirds and to work toward a goal of early registration.

The Committee reiterates its support of the senior environmental employment [SEE] program and expects the Agency to continue drawing upon this valuable human resource base in the future. Additionally, the Committee strongly urges EPA to make greater use of SEE enrollees for the new AHERA (Asbestos Hazard Emergency Response Act) initiative and Superfund activities.

The Committee recommends bill language permitting the Agency to use up to \$2,000,000 for the in-house purchase of major scientific equipment under the conditions already set forth in the section on research and development.

The Committee is opposed to the EPA's stated policy of terminating technical assistance to the State of North Dakota on the analysis of

radon measurements. Radon is a growing problem in North Dakota and the State has relied on technical assistance from the EPA Las Vegas facility and this assistance is essential to the State radon program. The Committee directs the Agency to continue the analysis of RPISU and PERMS measurements at the same level as in the previous fiscal year.

The Committee strongly urges that funds provided to the National Estuary Program, plus funds set aside for the program under the construction grants program, shall be used during the fiscal year to fund, as applicable, continuation of existing, and initiation of new, programs to develop conservation and management plans for all bays and estuaries named in section 320 of the Clean Water Act as amended.

BUILDINGS AND FACILITIES

1987 appropriation	\$7,500,000
1988 budget estimate	6,000,000
House allowance	7,500,000
Committee recommendation	18,200,000

PROGRAM DESCRIPTION

The appropriation for buildings and facilities at EPA covers the necessary repairs and improvements to installations which are used by the Agency. This appropriation also covers new construction projects when appropriate.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$18,200,000 for buildings and facilities in fiscal year 1988. The sum of \$12,200,000 has been included above the budget request for construction of a new facility to house the existing west coast water quality monitoring field station in Newport, OR, including construction of office, laboratory, and library facilities. The Committee also recommends inclusion of bill language to facilitate the release of construction funds appropriated in fiscal year 1987 for the University of Nevada.

HAZARDOUS SUBSTANCE SUPERFUND

1987 appropriation	\$1,411,300,000
1988 budget estimate	1,198,422,000
House allowance	1,181,000,000
Committee recommendation	1,179,422,000

PROGRAM DESCRIPTION

On October 17, 1986, Congress amended the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA] through the Superfund Amendments and Reauthorization Act [SARA] of 1986. SARA reauthorized and expanded the Hazardous Response Superfund to address the problems of uncontrolled hazardous waste sites and spills. Specifically, the legislation mandates that EPA: (1) provide emergency response to hazardous waste spills; (2) take emergency action at hazardous waste sites that pose an imminent hazard to public

health or environmentally sensitive ecosystems; (3) engage in long-term planning, remedial design, and construction to clean up hazardous waste sites where no financially responsible party can be found; (4) take enforcement actions to require responsible private parties to clean up hazardous waste sites; and (5) take enforcement actions to recover costs where the fund has been used for clean up.

COMMITTEE RECOMMENDATION

The Committee recommends a Superfund Program level of \$1,179,422,000. Combined with an estimated carryover of \$380,000,000, this level of funding will provide a Superfund cleanup budget of \$1,559,422,000, larger than the Agency has ever had.

The Committee's recommendation of \$1,179,422,000 reflects the requested transfer of \$19,000,000 and 83 positions from the emergency planning and community right-to-know (title III) program. The Committee has provided these resources within the Agency's operating budget accounts, consistent with existing law and the intent of Congress.

The Committee concurs with House bill language making available \$250,000,000 from the general fund to facilitate the Superfund Program in 1988. This is authorized under the Superfund Amendments and Reauthorization Act of 1986. The Committee also concurs with House bill language to provide an additional \$190,000,000 for administrative expenses.

The Committee does not concur with the House recommendation to delete \$7,000,000 below the amount requested for the Agency for Toxic Substances and Disease Registry and \$3,000,000 below the amount requested for the National Institute for Environmental Health Sciences. The House would use these reductions as offsets for five Superfund university research centers (\$5,000,000) and to expand Superfund dollars and staff (\$5,000,000 and 25 positions) for preliminary assessments and site investigation which are not addressed in the Committee's recommendation. The Committee expects that the hazardous waste worker training program administered by the National Institute of Environmental Health Sciences be excluded from any reduction below the level assumed in the request.

The Committee recommends that \$5,600,000 of the amount appropriated from the Hazardous Substance Response Trust Fund be earmarked for design and construction of renovations of existing buildings at EPA's Edison, NJ, facility to be used for hazardous waste research and development activities. These earmarked funds shall be used in conjunction with the \$500,000 in EPA's buildings and facilities appropriation for fiscal year 1987.

The Committee recommends the deletion of bill language which supersedes specified provisions in the Superfund law concerning natural resource damage claims against the trust fund.

The Committee is concerned about the slow pace of the fund-replenishing cost recovery efforts. The Agency has recovered a total of

\$48,000,000 from the inception of the Superfund in 1981 through August 1987. These recoveries have come primarily from removal actions with the larger recoveries from remedial actions still to come. The Committee is aware that many delays occur as a result of responsible party negotiations. However, the Committee directs the Agency to place greater emphasis on improving performance in this area and working with the Department of Justice to overcome cost recovery delays.

The Committee recognizes the current financial and programmatic cost recovery efforts being made by the Agency, in particular, establishment of active site files in the regions; upgrades in the enforcement data management systems; development of the Superfund transactional automated retrieval system; institution of the regional administrative support units; a streamlined referral process; and development of procedures for administrative settlements.

These components contribute to the timely collecting and packaging of all of the requisite data necessary to cost recover expenditures made from the fund for site cleanup and related expenses. The Committee urges the continuation of these ongoing and new initiatives and expects the Agency to coordinate these efforts among the various Agency offices in order to improve and accelerate the cost recovery process.

The Superfund Enforcement Program, due to its inherently adversarial nature, often leads to disagreements and delays. The Committee is aware that enforcement philosophies and strategies may differ significantly among EPA's Office of Waste Programs Enforcement, Office of Enforcement and Compliance Monitoring, Office of General Counsel, regional offices, and the Department of Justice. Much better defined procedures, policy guidelines, and criteria are needed in a timely fashion to give consistency to the Superfund program. In order to accelerate cleanup activities the Agency is instructed to undertake a formal evaluation of Superfund enforcement. Specifically, it should determine how the three headquarters' enforcement-related offices, the program office and the Department of Justice cause delays, misdirection, inconsistency and otherwise may delay regional offices in their Superfund enforcement effort. This effort should develop a consistent framework of enforcement policies and the procedures needed to assure their implementation. Specific recommendations should also address ways to assure policy level review of enforcement agreements in the regions on an expedited basis; policy level reviews should be defined with some specificity; and provisions for referral to headquarters of cases requiring policy level reviews on an expedited basis should be provided.

The Committee concurs with language in the House report regarding the training of small and minority contractors in merging environmental cleanup areas in order to increase competition in contracting. The \$500,000 earmarked in fiscal year 1987 for this initiative should be dedicated to Superfund training over the next year. To avoid further delay, an organization with demonstrated training experience and an existing network should be used to design and implement an effective training program. The Committee believes that EPA's successful training pro-

gram for asbestos abatement could serve as a model and directs the Agency to consult with the National Association of Minority Contractors. Contracting procedures should be expedited as necessary so as to begin training activities as soon as possible.

The Committee directs the Agency to accelerate the pace of issuing the necessary implementing regulations for the Superfund technical assistance grants under section 117(e) of SARA. These grants are intended to allow citizens affected by proposed and final national priorities list sites to obtain technical assistance in interpreting information relating to such sites. The Committee directs the Administrator to publish in the Federal Register, no later than 45 days after enactment of this act, an interim final rule implementing section 117(e). Prior to issuing the interim final rule, the Agency should work with potential applicants, such as those individuals or groups that have contacted the Agency expressing interest in applying for technical assistance grants, to assure compliance with existing EPA grant regulations deemed relevant and applicable to section 117(e) applications so that applications can be filed immediately upon promulgation of the regulation.

The Agency, in making such grants, is directed to act expeditiously. No later than 30 days after receipt of an application, the Administrator should notify an applicant of a decision whether to award a grant. No later than 30 days after acceptance by an applicant of a grant, the Administrator should assure that the grant money is available to the successful applicant.

Should the Administrator fail to issue the interim final rule according to the deadline designated herein, the Committee directs the Administrator, within 60 days of enactment, to provide the Committee with a written statement, explaining why the deadline was not met, providing an alternative date for issuing the interim final rule, and justifying why the interim final rule cannot be issued any earlier than such alternative date.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

1987 appropriation	\$50,000,000
1988 budget estimate	
House allowance	10,000,000
Committee recommendation	15,000,000

PROGRAM DESCRIPTION

Subtitle I of the Solid Waste Disposal Act as amended by the Superfund Amendments and Reauthorization Act of 1986 [SARA] authorizes the establishment of a response program for cleanup of releases from leaking underground storage tanks that contain petroleum. Owners and operators of facilities with underground storage tanks have the initial responsibility for cleanup, and once regulations are in place, must maintain evidence of financial responsibility. The Leaking Underground Storage Tank [LUST] Trust Fund provides supplemental cleanup capabilities and may also be used to enforce necessary corrective action and to recover costs expended from the fund. The Agency's objective is to

implement the LUST response program primarily through cooperative agreements with States.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$15,000,000 for leaking underground storage tank funds, an increase of \$5,000,000 above the House allowance and \$15,000,000 above the budget estimate. The administration requested no additional resources in fiscal year 1988, based on the assumption that a \$25,000,000 carryover would be sufficient to operate the program next year. The Committee's recommendation of \$15,000,000 will support an expanding program level of approximately \$40,000,000 next year, roughly one-half of the needs identified by States, according to information provided by the Agency. The Committee concurs with House bill language to provide an additional \$5,000,000 for administrative expenses.

CONSTRUCTION GRANTS

1987 appropriation	\$2,400,000,000
1988 budget estimate	2,000,000,000
House allowance	2,400,000,000
Committee recommendation	2,400,000,000

PROGRAM DESCRIPTION

The long-range goal of the construction grants program is to eliminate the municipal discharge of untreated or inadequately treated pollutants and thereby help restore or maintain the quality of the Nation's waters and protect the health and well-being of the people. A more immediate goal is to facilitate maximum compliance with the secondary treatment requirement deadline in the national municipal policy of July 1, 1988. This program provides grants to municipal and intermunicipal agencies to assist in financing the construction of cost-effective and environmentally sound municipal wastewater treatment facilities. In addition, the program provides funds to assist delegated States in carrying out their responsibilities to manage the construction grants program and to assist them in carrying out other water quality management programs.

With enactment of the 1987 amendments, prior to the allotment of funds to the States, 1 percent of the appropriation is reserved for more CSO projects and the national estuary program, and one-half of 1 percent is reserved to fund the wastewater treatment needs of Indian tribes. Each State may reserve 4 percent of its allotment to manage its delegated construction grant activities, 1 percent of its authorized allotment for water quality management planning, and 1 percent of its allotment to develop and implement a nonpoint source control program. The act also requires that each State set aside between 4 and 7½ percent of its allotment to provide financial incentives to communities to use innovative and alternative technologies in constructing their wastewater treatment facilities; it also permits States having substantial

rural populations to set aside between 4 and 7½ percent of their funds for projects in small communities. All grants for assisting in the development and construction of wastewater treatment facilities are to be awarded on the basis of a State's priority system, which is designed to insure improved water quality.

Grants for the construction of eligible wastewater treatment facilities are provided to communities that have completed facility planning and design, and an allowance for planning/design work is included in the grant. Provision is also made for advances to enable small communities, otherwise unable to finance such activities, to plan and design projects. Funding to construct reserve capacity was eliminated effective October 1, 1985, and the Federal share for grant eligible construction was reduced from 75 to 55 percent, effective the same date.

The goal of the State management assistance grant program under section 205(g) is to allow the States, rather than EPA, to assume responsibility for day-to-day management of construction grants and other priority programs, and under section 205(j)(1) to provide essential support to water quality management planning. The 1987 amendments added a new set-aside, section 205(j)(5), to be used by States to develop and implement nonpoint source control programs. The primary goal for use of section 205(g) funds has been early achievement of maximum delegation of construction grants project management to States. The timing and extent of delegation and financial support to each State depends on the State's ability to operate a construction grant program that meets statutory objectives and requirements and EPA policy. A grant is provided to a State when it can show that it is able to exercise effective management for a substantial portion of program activities.

The 1987 amendments authorized States to create a State revolving fund [SRF] to provide below-market interest rate loans to communities for the construction of wastewater treatment facilities. Capitalization grants may be awarded to States with EPA-approved SRF programs, beginning in fiscal year 1987. Ultimately (by fiscal year 1991), the SRF program will completely replace the construction grants program.

COMMITTEE RECOMMENDATION

The President included no budget request for the construction grants program but indicated that an amended request would be submitted in the amount of \$2,000,000,000 after enactment of authorizing legislation. Although the Water Quality Act of 1987 was enacted February 4, 1987 (Public Law 100-4), the Congress has not yet received the budget amendment.

The Committee concurs with the House recommendation to appropriate \$2,400,000,000 for this program in 1988. This represents an increase of \$400,000,000 above the pending budget request and is the full amount authorized under the new statutes.

The Committee is pleased to note that EPA has included a fair-share requirement for small and minority businesses in the draft guidelines it has prepared to assist States in establishing State revolving funds. The

Committee fully expects this requirement to remain an integral part of the Agency's revolving fund guidelines. As part of the Agency's report to the Congress on the development of State revolving funds during the fiscal year 1989 budget process, the Committee directs EPA to include all relevant information on the fair-share requirement.

The Committee notes the recently announced administration payment policy for the State revolving fund program. Under this policy, EPA proposes to issue letters of credit to States in lieu of cash payments as intended by Congress under the provisions of section 601(b) of the Water Quality Act of 1987. If implemented, this administration policy would have the effect of preventing State loan funds from accruing interest on Federal contributions, as provided for under section 603(d)(6), and will jeopardize the bond ratings that would be accorded to on-hand cash funds. The Committee strongly urges EPA to observe the intent and the letter of the law in awarding and disbursing capitalization grants in cash to the States in accord with the provisions of section 601(b).

ADMINISTRATIVE PROVISION

The Committee concurs with the administrative provision recommended by the House to prohibit the use of funds for pesticide indemnification payments.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

1987 appropriation.....	\$803,000
1988 budget estimate.....	862,000
House allowance.....	862,000
Committee recommendation.....	860,000

PROGRAM DESCRIPTION

The Council on Environmental Quality was established by the National Environmental Policy Act [NEPA] and the Environmental Quality Improvement Act of 1970 and is located within the Executive Office of the President. The Council's principal responsibility is to provide the President and the Congress with timely and authoritative advice on key policy issues. In addition to providing policy advice, the Council is responsible for maintaining policy oversight of the Federal Government's implementation of NEPA. The Council is also charged with cochairing with EPA, the Interagency Toxic Substances Data Committee; serving as Executive Secretary of the Interagency Task Force on Acid Precipitation; overseeing implementation of environmental messages by the President; assisting and advising the President in preparing the annual environmental quality report to the Congress; and coordinating international environmental activities.

COMMITTEE RECOMMENDATION

The Committee recommends \$860,000 for the Council on Environmental Quality. This is \$2,000 less than the budget request and the House allowance but \$57,000 more than the current appropriation. The Committee believes this reduction can easily be absorbed by the Council.

The amount proposed is sufficient to sustain the activities of the Council on Environmental Quality/Office of Environmental Quality and to support 13 full-time equivalent positions.

The Committee notes that the Council has had difficulty in the past in publishing its annual reports in a timely manner. The Committee urges the Council to expedite the interagency review process and to take any other actions necessary to publish annual reports in as punctual a manner as possible.

The Committee notes that the Federal Aviation Administration has certified that the proposed redesign of the PortAmerica project scheduled for construction in Prince Georges County, MD, meets all of its safety requirements. In addition, the Committee is pleased that the National Capital Planning Commission [NCPC] and the developer of PortAmerica have reached agreement on doing the final environmental assessment of the proposed project. The Committee strongly encourages the Council on Environmental Quality, which is responsible for overseeing the National Environmental Policy Act review of this project, to work closely with the NCPC to guarantee that this review is completed in an expeditious manner.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

1987 appropriation	\$1,923,000
1988 budget estimate	1,987,000
House allowance	1,998,000
Committee recommendation	1,967,000

PROGRAM DESCRIPTION

The Office of Science and Technology Policy [OSTP] was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976 (Public Law 94-282) and provides advice to the President concerning policies in science and technology and on the utilization of science and technology in addressing important national problems. OSTP also supports other organizations within the Executive Office of the President with regard to issues involving science and technology considerations; reviews and analyzes the research and development budgets and programs of the Federal Government, in concert with the Office of Management and Budget; coordinates research and development programs of the Federal Government; and fulfills other obligations, duties, functions, and activities mandated by the National Science and Technology Policy, Organization, and Priorities Act of 1976.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,967,000 for OSTP, which is \$20,000 less than the budget estimate and \$31,000 less than the House allowance.

The Committee does not believe that the proposed increase of \$20,000 for travel is essential to the Office's operations. If the Office finds that additional funds are necessary for travel, OSTP may transfer funds from personnel compensation and benefits after notifying the Committee of the proposed transfer.

The Committee is disturbed by OSTP's failure to respond to questions regarding a proposed nuclear winter study to be conducted jointly by the United States and the Soviet Union. These questions were raised in the course of a hearing on the Office's fiscal year 1988 budget request. More specifically, the Committee asked for a report on initiatives we have taken to elicit cooperation with the Soviet Union on such a study. The agency failed to provide such a report. Unfortunately, this failure to respond is indicative of a general pattern of indifference to the Committee's requirements.

Consequently, the Committee directs OSTP to submit a report regarding initiatives taken to work with the Soviet Union on a joint United States-Soviet Union nuclear winter study by January 1, 1989, and expresses its hope that OSTP will recognize the value of responding more fully to Committee requests.

FEDERAL EMERGENCY MANAGEMENT AGENCY

1987 appropriation	\$643,475,000
1988 budget estimate	632,934,000
House allowance	698,394,000
Committee recommendation	653,394,000

The Committee recommends an appropriation of \$653,394,000 for the Federal Emergency Management Agency [FEMA] in fiscal year 1988. This amount is \$20,460,000 more than the budget estimate and \$45,000,000 less than the House allowance.

GENERAL DESCRIPTION

FEMA is responsible for coordinating Federal efforts to anticipate, prepare for and respond to a spectrum of major civil emergencies. The Agency also works to assure the effectiveness of the National Civil Defense Program and the availability of civil defense systems and resources in coping with all manmade and natural disasters; consolidates the programs aimed at preventing and mitigating the effects of potential disasters with the programs designed to deal with the disasters once they occur; coordinates and plans for the emergency deployment of resources that are used on a routine basis by Federal agencies; and helps to coordinate preparedness programs with State and local governments, private industry, and voluntary organizations.

FEMA's budget submission describes several principal activities, including:

Civil defense.—This activity provides for the development of plans and functional emergency capabilities to mitigate, prepare for, respond to, and recover from attack-related emergencies, which creates the capability to respond to emergencies caused by natural and technological hazards. It has financial and technical assistance programs which support State and local organization requirements, and operating costs. Federal civil defense objectives and support are integrated with State and local emergency operational requirements, thereby enhancing overall emergency preparedness for all hazards. Under the administration's new civil defense policy, this activity places emphasis on ensuring a basic emergency response infrastructure with potential for rapid enhancement of capabilities when necessary (the surge concept). Included in this activity are preparedness programs that address functions including planning, warning, communications, direction and control, shelter, movement of people, and provision of food and medical resources. This activity also provides for development of training materials and training programs, and for research and development activities that provide the technical basis for national planning for such activities as population protection.

Comprehensive emergency preparedness planning.—This activity provides for the enhancement of Federal, State, and local governments' capability to prepare for, respond to and mitigate the impact of disasters and emergencies. Program activities include hazard analyses, needs assessments, technical guidance and financial support designed to assist State and local governments in developing a comprehensive approach to preparedness planning for natural and manmade emergencies.

Radiological emergency preparedness.—This activity is focused on improvement of Federal, State, and local planning for emergencies in areas surrounding nuclear power reactors and enhanced capabilities to cope with radiological accidents at fixed nuclear facilities, including commercial nuclear powerplants, and nuclear materials license holders. The activity provides assistance to State and local governments through the issuance of guidance, review and approval of plans, and evaluation of exercises.

Federal preparedness.—The goals of the Federal preparedness activity are to enhance Government readiness and capability in order that the Nation will be able to respond predictably and effectively to peacetime or wartime national security emergencies and to enable government, at all levels, to cope with the consequences of accidental, natural, and man-caused occurrences.

Training and fire programs.—This activity prepares Federal, State, and local officials, their supporting staff, and the public to meet the responsibilities and challenges of domestic emergencies through planning, mitigation, preparedness, response, and long-term recovery. Educational programs are provided through the Emergency Management Institute and the National Fire Academy. In fiscal year 1988, FEMA proposes to begin the phased elimination of Federal funding for student travel stipends and lodging, to be completed over a 3-year period. The U.S. Fire

Administration provides a Federal focus on identifying problems with which the Nation's fire, rescue, and emergency medical services must deal, finding solutions to these problems, and supporting State and local fire protection and emergency services efforts. FEMA proposes to eliminate Federal funding for the Fire Prevention/Arson Control Program in fiscal year 1988.

Flood plain management.—This activity combines mapping, regulatory, and technical assistance to assist State and local governments in responding to known flood hazards and mitigating their effects through a comprehensive approach to managing the Nation's flood plain. FEMA proposes to fund this activity under the National Flood Insurance Fund in fiscal year 1988.

Flood insurance.—The National Flood Insurance Program makes insurance available to property owners in participating communities, in return for which communities are required to adopt flood plain management measures to protect lives and reduce property loss. The flood insurance mechanism allows individuals owning or buying property in the flood plain to insure buildings and contents against flood losses.

Crime insurance.—This program enables residents and businesses to purchase affordable insurance against burglary and robbery losses on properties that meet protective device requirements where such coverage is not available in the private market place. By law, the current authority for this program expires on September 30, 1987.

Disaster response and recovery.—The President's Disaster Relief Program supplements the efforts and available resources of State and local governments and voluntary relief organizations in responding to a major disaster or emergency, as defined in the Disaster Relief Act of 1974 (Public Law 93-288).

Emergency food and shelter.—This program provides grants to voluntary organizations at the local level and local units of government to supplement their programs for emergency food and shelter. Funds are awarded to a national board of voluntary organizations, chaired by FEMA, which makes awards to local boards on the basis of need. In fiscal year 1988, FEMA proposes that the emergency shelter grants activity, under "Shelter Programs" in the Department of Housing and Urban Development, be folded into this program.

FUNDS APPROPRIATED TO THE PRESIDENT—DISASTER RELIEF

1987 appropriation	¹ \$177,475,000
1988 budget estimate	125,000,000
House allowance	125,000,000
Committee recommendation	125,000,000

¹Includes supplemental appropriation of \$57,475,000 (Public Law 100-71) to restore \$57,475,000 transferred from the Disaster Relief Fund by Public Law 100-6, which provided \$45,000,000 in additional funding to FEMA's Emergency Food and Shelter Program and \$5,000,000 to the Veterans Administration for its Chronic Mental Illness Program, and rescinded \$7,475,000 to accommodate differences in outlay rates.

PROGRAM DESCRIPTION

Federal disaster assistance is a nationwide program operated pursuant to the Disaster Relief Act of 1974 (Public Law 93-288). The President is authorized to provide Federal assistance to supplement the efforts and resources of State and local governments in response to major disasters and emergencies. Funds may be made available directly to a State or local government, or to other Federal agencies as reimbursement of expenditures in disaster relief work performed under this authority. In addition, a variety of other Federal assistance is coordinated under this program.

COMMITTEE RECOMMENDATION

The Committee recommends \$125,000,000 for disaster relief assistance in fiscal year 1988. This is the same as the budget request and the House allowance.

The Committee notes that FEMA initially projected a carryforward of \$104,276,000 into fiscal year 1988 for disaster relief assistance. However, that estimate has been increased to \$125,000,000 based on obligations through the third quarter. The availability of these funds together with \$50,000,000 in recoveries of prior-year obligations should provide a sufficient amount to cover estimated disaster payments in fiscal year 1988.

SALARIES AND EXPENSES

1987 appropriation	\$124,000,000
1988 budget estimate	131,084,000
House allowance	131,544,000
Committee recommendation.....	126,544,000

PROGRAM DESCRIPTION

The salaries and expenses appropriation comprises two activities:

1. *Program support.*—This activity provides for staff and supporting resources to administer the Agency's various programs at the headquarters, field, and regional levels. FEMA proposes to fund administrative support for the flood plain management and national flood insurance programs from the national flood insurance fund in fiscal year 1988.

2. *Management and administration.*—This activity provides staff and supporting resources for the general management and administration of the Agency in legal affairs, external affairs, personnel, financial management, and other central support functions, such as rent, utilities, ADP support services, and supplies.

COMMITTEE RECOMMENDATION

The Committee recommends \$126,544,000 for salaries and expenses. This is \$4,540,000 less than the budget request and \$5,000,000 below the House allowance.

The Committee does not concur in the 29 FTE increase proposed by the House. However, the Committee directs FEMA to maintain the U.S. Fire Administration's authorized strength at 20 positions so that the level of activity mandated by Committee under the "Emergency management planning and assistance" account can be carried out efficiently and effectively.

The Committee directs that the net reduction of \$4,540,000 in the budget request be achieved through personnel cutbacks other than those of the Fire Academy and Fire Administration.

The Committee concurs with the House in transferring \$9,892,000 from the National Flood Insurance Fund into salaries and expenses for the administrative costs of the insurance and flood plain management programs.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

1987 appropriation	\$262,000,000
1988 budget estimate	296,850,000
House allowance	291,850,000
Committee recommendation	276,850,000

PROGRAM DESCRIPTION

The emergency management planning and assistance appropriation provides resources for the following activities which were described previously: civil defense, comprehensive emergency preparedness planning, radiological emergency preparedness, Federal preparedness, training and fire programs, and flood plain management. FEMA proposes to fund the flood plain management activity under the National Flood Insurance Fund in fiscal year 1988.

COMMITTEE RECOMMENDATION

The Committee recommends \$276,850,000 for emergency management planning and assistance. This is \$20,000,000 below the budget request and \$15,000,000 below the House allowance. It is an increase of \$14,850,000 above the 1987 level.

The Committee concurs with the following House increases:

+ \$1,478,000 for student travel stipends. As stated in the House report, this increase will restore the proposed stipend reductions in civil defense training and education (+\$344,000), the Emergency Management Institute (+\$312,000), and the National Fire Academy (+\$822,000).

+ \$3,000,000 for the U.S. Fire Administration's [USFA] Fire Prevention and Arson Control Program, restoring the program to roughly the 1987 level of \$3,350,000. Within the total provided, FEMA is directed to allocate \$1,200,000 for the residential sprinkler program and \$500,000 for community-based and other related antiarson programs.

The Committee denies the \$20,000,000 requested in House Document 100-51 to initiate an enhanced civil defense program that proposes (1) the establishment of a crisis management capability at the State and

local level to preserve or reconstitute civil government, (2) a citizen self-help program to assist the average American to assume greater responsibility for his or her survivability in the event of nuclear attack, and (3) the planning and preparation of a surge capability in times of increased international tension.

The Committee notes that this proposed program supplants a massive crisis relocation program as the Nation's primary means of population protection. The Committee believes that the new initiative may well be as unrealistic and unworkable as that 1982 relocation scheme and specifically directs FEMA not to use any funds to implement any program to provide fallout shelters for public officials and self-help guides for the public at large.

The Committee, on the other hand, supports the integrated emergency management concept begun by FEMA in 1984, an approach which emphasizes building response capabilities common to all emergencies. This initiative has contributed at all levels of government to the development of an emergency management structure to respond to peacetime disasters and nuclear attack.

The Committee notes that the Senate Armed Services Committee in Senate Report 100-57 indicated that it planned to review the Federal Civil Defense Act of 1950 "with a view toward updating the act to make it more consistent with the dual-use aspects of civil defense." The Committee expects FEMA to make a greater effort to negotiate with the States a mutually acceptable all-hazards program that balances the State's interests in peacetime disaster preparedness with FEMA's concern for attack-related preparedness pending the outcome of the Armed Services Committee study.

The Committee directs FEMA to examine its formula for determining emergency management assistance to the State of Alaska. FEMA's formula for apportioning such funding to the States does not recognize the variety of contingencies and emergencies which must be planned for in Alaska. Similarly, the existing population-based formula does not consider the distances which must be traversed throughout Alaska to coordinate planning activities. Therefore, the Committee expects the financing formula to be revised to reflect the unique circumstances which exist in Alaska in addition to the population criteria. This should ensure adequate funding levels in future budgets.

The Committee expects FEMA to offset the increase of \$4,478,000 for travel stipends as well as the Fire Prevention and Arson Control Program through reductions to be applied at the agency's discretion to the civil defense and Federal preparedness programs. None of this reduction should be taken through a cutback in emergency management assistance grants.

The Committee notes that the House report includes language directing FEMA to terminate a letter of credit given to the State of Nevada to allow it to contract for renovation work required for a western training center on State land near Carson City. Although the Committee does not endorse the western training center concept, it believes such a

directive hinders FEMA's ability to resolve the letter of credit question in a way that is mutually satisfactory to both parties.

The Committee concurs with the House in transferring \$45,200,000 from the National Flood Insurance Fund into emergency management planning and assistance for flood plain management activities.

FEMA is authorized to secure reimbursement from the Nuclear Regulatory Commission [NRC], in accordance with law, for the full and reasonable costs of its services involved in review and evaluation of offsite radiological emergency plans and exercises, whenever previously appropriated funds are inadequate for the purpose. These services would include those performed by FEMA or its contractors in connection with the licensing proceedings within the jurisdiction of the NRC.

FIRE AND TRAINING PROGRAMS

The Committee remains deeply concerned about FEMA's commitment to its fire and training programs. The Committee notes that in recent years the administration has proposed eliminating USFA, as well as sharply reducing funds for FEMA training efforts. The Congress has repeatedly rejected those reductions because of the importance of this activity to FEMA's mission.

Earlier this year, FEMA proposed a reorganization of its fire and training programs, which would have resulted in the U.S. Fire Administration moving to Washington, DC, from the National Emergency Training Center [NETC] in Emmitsburg, MD. In addition, this reorganization was to have created a new Office of Training within FEMA which was to oversee all of FEMA's training responsibilities. Language included in the Senate report accompanying the 1987 Supplemental Appropriations Act, 1987 (Public Law 100-71) prohibited this reorganization in fiscal year 1987. The Committee included this language because of concern over the reorganization's cost, its effect on FEMA employees, and most importantly, its impact of separating FEMA policymaking functions from its training programs.

After extensive negotiations between the Committee, the Maryland Congressional Delegation and FEMA, the Committee has agreed to allow a portion of the proposed reorganization to move forward, provided certain conditions are met.

First, the Committee continues to prohibit the USFA from being moved out of Emmitsburg. The Committee believes that the USFA can best perform its function by being located at the National Fire Academy.

Second, while the Committee has agreed to permit the creation of an Office of Training, it is very troubled by the Agency's refusal to fill vacancies properly located at the NETC. Therefore, the Committee directs FEMA to fill these vacancies as soon as possible, reaching the required number of FTE's, as spelled out in the Director's September 24, 1987, letter to the Committee. The Committee anticipates that this goal will be met by March 31, 1988. In the event that FEMA fails to meet

this deadline, the Committee will be forced to recommend appropriate legislative remedies to force the Agency's compliance, including a statutory floor on the number of FTE's at the NETC, as well as a ceiling on the number of FTE's for the Office of Training in Washington, DC.

Finally, the Committee expects FEMA to guarantee that no FEMA employee currently employed at the NETC be forced to relocate to Washington in conjunction with the creation of the new Office of Training.

Because of the Committee's continued concern about FEMA's training programs, it intends to monitor the new Office of Training very carefully. In FEMA's 1989 budget justification, the Committee expects a detailed accounting of its various training programs and how they are being integrated into the new Office. In addition, the Committee expects the Director to place highest priority to locating any new training programs not previously consolidated in the Office of Training and Fire Programs Directorate at the NETC in Emmitsburg.

NATIONAL FLOOD INSURANCE FUND

PROGRAM DESCRIPTION

The National Flood Insurance Act of 1968, as amended, authorizes the Federal Government to provide flood insurance on a national basis. Flood insurance may be sold or continued in force only in communities which enact and enforce appropriate flood plain management measures. Communities must participate in the program within 1 year of the time they are identified as flood-prone in order to be eligible for flood insurance and some forms of Federal financial assistance for acquisition or construction purposes.

Under the Emergency Program, structures in identified flood-prone areas are eligible for limited amounts of coverage at subsidized insurance rates. Under the regular program, studies must be made of different flood risks in flood prone areas to establish actuarial premium rates. These rates are charged for insurance on new construction. Coverage is available on virtually all types of buildings and their contents in amounts up to \$245,000 for residential and \$550,000 for other types.

Financing.—The Administrator is authorized to borrow up to \$1,000,000,000 to carry out the program. Borrowings are estimated to total \$50,000,000 by the end of 1988. No appropriation is requested in 1988 to retire agency debt. The program is also financed through premium income.

Operating results.—Cumulative expenses are expected to exceed revenue and receipts from Federal and non-Federal sources by approximately \$1,400,000,000 by the end of 1988. This cumulative deficit is financed through appropriations of \$1,200,000,000.

COMMITTEE RECOMMENDATION

The Committee is not recommending an appropriation in 1988 since no new funding is required to retire prior agency debt. However, the Committee concurs with the House in providing bill language transferring a total of \$55,092,000 from the fund for flood program activities to the salaries and expenses appropriation (\$9,892,000) and the emergency management planning and assistance appropriation (\$45,200,000) as noted earlier in this report. The total transferred to emergency management planning and assistance includes \$36,460,000 for flood studies and surveys, \$4,020,000 for the flood hazard reduction program, and \$4,720,000 for the section 1362 purchase of property program, an increase of \$2,000,000 above the requested amount.

EMERGENCY FOOD AND SHELTER

1987 appropriation	\$80,000,000
1988 budget estimate	80,000,000
House allowance	150,000,000
Committee recommendation	125,000,000

PROGRAM DESCRIPTION

The Emergency Food and Shelter Program originated as a one-time emergency appropriation of \$100,000,000 to combat the effects of high unemployment in the emergency jobs bill (Public Law 98-8) which was enacted in March 1983.

The program has been administered by a national board and the majority of the funding has been spent for providing temporary food and shelter for the homeless, participating organizations being restricted by legislation from spending more than 2 percent of the funding received for administrative costs.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$125,000,000 for emergency food and shelter, a reduction of \$25,000,000 below the House-approved amount and an increase of \$45,000,000 above the administration's request. In fiscal year 1987, \$45,000,000 was shifted into the program from the "Disaster relief" account in addition to the \$80,000,000 directly appropriated for emergency food and shelter, making a total of \$125,000,000 available. Thus, the amount provided is sufficient to continue the program at current levels.

The Committee concurs with the House in approving bill language increasing the limitation on administrative costs from the present level of 2 percent to 3½ percent, but expresses the hope that it will be possible to moderate any administrative cost increases in view of the compelling needs of the population being served.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

1987 appropriation.....	\$1,286,000
1988 budget estimate.....	1,339,000
House allowance.....	1,339,000
Committee recommendation.....	1,332,000

PROGRAM DESCRIPTION

The Consumer Information Center [CIC] was established within the General Services Administration [GSA] by Executive order on October 26, 1970, to help Federal departments and agencies promote and distribute consumer information collected as a byproduct of the Government's program activities.

The CIC promotes greater public awareness of existing Federal publications through wide dissemination to the general public of the consumer information catalog. The catalog lists both sales and free publications available from the Government Printing Office [GPO] distribution facility in Pueblo, CO. In fiscal year 1986, the CIC distributed a total of 9.3 million publications. Distribution costs of the free publications are financed by reimbursements from the Federal agencies to the Consumer Information Center Fund. Beginning in March 1983, the CIC began charging a user fee of \$1 for two or more free publications ordered from the catalog.

Public Law 98-63, enacted July 30, 1983, established a revolving fund for the CIC. Under this fund, CIC activities are financed from the following: annual appropriations from the general funds of the Treasury, reimbursements from agencies for distribution of publications, user fees collected from the public, and any other income incident to CIC activities. All are available as authorized in appropriation acts without regard to fiscal year limitations.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,332,000 in new budget authority for the Consumer Information Center Fund. This is \$7,000 less than the budget request and House allowance, and represents a general reduction to be made at the Director's discretion.

This appropriation, augmented by user fees deposited in CIC's revolving fund, will support administrative expenses not to exceed \$1,721,000. The bill also includes language limiting the availability of the revolving fund to an aggregate level of \$5,193,000 in 1988. This amount is comprised of (1) the appropriation of \$1,332,000, (2) prior years' unobligated balances of \$95,000, (3) user fees from consumers of \$382,000, (4) reimbursements from other Federal agencies of \$3,000,000, and (5) other income incident to CIC activities of \$384,000; all to be available without regard to fiscal year limitation. Any revenues accruing to this fund during 1988 in excess of \$5,193,000 shall remain in the fund but not be available for expenditure except as authorized in appropriations acts.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CONSUMER AFFAIRS

1987 appropriation	\$1,768,000
1988 budget estimate	1,119,000
House allowance	1,750,000
Committee recommendation	1,740,000

PROGRAM DESCRIPTION

In accordance with Executive Order 11583 of February 24, 1971, the staff of the U.S. Office of Consumer Affairs assures that consumer needs and viewpoints are presented in the Federal Government, fosters consideration of consumer viewpoints by other Government agencies, voluntary groups and business, and seeks to inform and educate individual citizens to deal more effectively in the marketplace. The Director is also the Special Adviser to the President for Consumer Affairs.

Under Executive Order 12160 of September 26, 1979, the staff of the Office also provides administrative support to the Consumer Affairs Council. The functions of the Council are to provide leadership and coordination to insure that agency consumer programs are implemented effectively, to strive to maximize effort, promote efficiency and inter-agency cooperation, and to eliminate duplication and inconsistency among agency consumer programs.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,740,000 for activities of the Office of Consumer Affairs [OCA]. This is \$621,000 above the budget request and \$10,000 below the House allowance. The recommended \$10,000 reduction below the House represents a general cut in OCA's appropriation to be made at the Director's discretion.

The amount provided will maintain a current staffing level of 22 next year. The Committee concurs with the House directive that the agency provide at least \$300,000 to maintain at historical levels distribution of the Consumer's Resource Handbook and other publications through the Consumer Information Center.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

RESEARCH AND DEVELOPMENT

1987 appropriation	\$3,127,700,000
1988 budget estimate	3,651,200,000
House allowance	3,661,200,000
Committee recommendation	3,378,063,000

PROGRAM DESCRIPTION

The objectives of the National Aeronautics and Space Administration [NASA] program of research and development are to extend our knowledge of the Earth, its space environment, and the universe; to expand the practical applications of space technology; to develop, operate, and

improve unmanned space vehicles; to provide technology for improving the performance of aeronautical vehicles while minimizing their environmental effects and energy consumption; and to assure continued development of the aeronautics and space technology necessary to accomplish national goals.

The appropriations request would continue funding for a permanently manned space station, including development work on the hardware components and supporting development activities such as systems engineering and integration, and the technical and management information system will begin. Definition and preliminary design of the Flight Telerobotic System Program would also be continued.

Another major area of activity is space transportation capability development including efforts related to the spacelab, the upper stages that place satellites in high altitude orbits not attainable by the shuttle, the engineering and technical base, payload operations and support equipment, advanced programs study and evaluation efforts, the development of the United States/Italy tethered satellite system, and development of the orbital maneuvering vehicle.

The space science and applications program utilizes space systems supported by airborne and ground-based observations to conduct scientific investigations of the Earth and its space environment, the Sun, the planets, interplanetary and interstellar space, and the other stars of our galaxy and universe. Results from these investigations contribute to our understanding of the universe, including the key questions of life, matter, and energy. In addition, this program conducts the research and selected technology developments to encourage the practical application of space technologies to needs on Earth. The Space Science and Applications Program has been significantly restructured to reflect the stand-down in shuttle flights.

Commercial programs include the technology utilization and commercial use of space. The Technology Utilization Program is designed to facilitate the transfer of NASA developed technology to the nonaerospace sectors of the U.S. economy. The commercial use of space is designed to increase private sector awareness of the opportunities in space. Private industry will be encouraged to invest and participate in high technology research and development utilizing the unique characteristics of space.

The objective of the aeronautical research and technology program is to provide the broad technology base essential to the preservation of U.S. leadership in aviation. The objectives of the space research and technology program are to provide the technology base necessary to support current and future space activities and to formulate and advance technology options for the future. These activities emphasize the longer-range aspects of generic research and technology development which are crucial in maintaining future U.S. leadership.

The overall objective of the advanced systems program is to perform studies to ensure capability for tracking and data acquisitions, communications, and data processing support required by all NASA flight projects in accomplishing their mission objectives.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$3,378,063,000 for research and development activities. This amount is \$273,137,000 less than the budget estimate and \$283,137,000 less than the House allowance.

The Committee recommends \$558,663,000 for development of the permanently manned space station. This facility is the next logical and critical step for our Nation's space program. While most of the debate and attention received by the space program recently has focused on the aftermath of the *Challenger* tragedy and failures in our expendable launch vehicle systems, it is the Committee's view that the fundamental issue before the Nation is whether the United States intends to pursue leadership in space science, technology, and exploration.

It is clear that the answer must be yes. The Soviet Union has mounted a resolutely ambitious and impressive space program which threatens to surpass our technological advantage. Our major Western trading partners are equally dedicated in demonstrating their technical capabilities and have already made sizable inroads in what was once almost exclusively a superpower competition.

Our Nation's space program demonstrates the ability of our people, institutions, and technical resources to grow and address new challenges in a changing World. This is the essence of our national experience and we cannot falter now. Furthermore, our investment in space technologies yields a large multiple in direct economic stimulation for the Nation as well as a wealth of new products and processes which save lives, improve our lifestyles, and enrich our economy.

The Committee's recommendation will permit space station development to proceed apace within the difficult budgetary constraints confronting all Federal activities. Although \$208,337,000 less than the budget request and the House allowance, the Committee expects that no significant scheduling impact will occur in the deployment of productive elements of the space station in the mid-1990's. The Committee recommends that \$100,000,000 of the \$558,663,000 provided for space station development be derived by transfer from funds previously appropriated for orbiter production. It is the Committee's understanding that this transfer of funds will not have an impact on the delivery of the replacement orbiter.

The Committee believes it is essential that the United States begin to develop servicing technology in fiscal year 1988 which can accommodate many early space station needs and provide for the servicing and repair of attached payloads and free flyers. This step will have the result of creating significant long-term savings for NASA's space programs. As a result, the Committee directs NASA to spend a minimum of \$10,000,000 in fiscal year 1988 for servicing technology for the space station so as to keep open the option of providing an early servicing capability.

Last year the Congress encouraged the administration to move expeditiously in development of a solar dynamic power system for the space

station. The Committee is concerned that without a firm funding commitment to the solar dynamic concept, NASA will be forced to rely on less advanced technologies that will increase life cycle costs of station operations and decrease station flexibility and growth potential. The Committee, therefore, directs NASA to expend in fiscal year 1988 the funds necessary to ensure continued development of solar dynamic power for the space station.

The Committee is aware of significant private investment in the development of a man-tended industrial space facility. This program not only could yield productive opportunities for private industrial exploitation of the micro-gravity environment but represents a low-cost test-bed for the Government-sponsored experiment for later application in the space station. The Committee views such cooperative Government-industry efforts as an important aspect of the Nation's space program and thus the Committee concurs with the House in recommending \$1,000,000 for studies and initial work by NASA on the use of the facility for microgravity research. The Committee believes such a facility would be useful in maintaining a vigorous space science program, developing a robust user base, and obtaining flight experience that can contribute to the efficient development and use of a permanently manned station.

The Committee also recommends deletion of \$20,000,000 proposed by the House for microgravity shuttle/space station payloads to be allocated solely for the development of new space station experimental hardware. The Committee believes that it is premature to develop station experimental hardware. The funds in question were not requested by the administration.

The Committee concurs with the House in recommending the following further adjustments in the administration's budget request:

- \$25,000,000 from the orbital maneuvering vehicle program. This reduces program funding to \$55,000,000 in fiscal year 1988, a \$10,000,000 increase in the current budget.

- + \$5,000,000 for the initiation of work on an extended duration orbiter. The Committee believes that the extension of space shuttle orbiter stay time is a logical step toward a permanently manned space station and will enhance the prospects of constructing and servicing such a station with maximum efficiency and minimum cost.

- \$5,000,000 from Hubble space telescope development, leaving a budget of \$93,400,000. The Committee concurs with the concern expressed by the House over the prelaunch costs of maintaining the telescope.

- \$10,000,000 from the ocean topography experiment program [TOPEX]. This reduces TOPEX funding to \$80,000,000, an increase of \$61,000,000 over the current budget.

- \$5,000,000 from the global geoscience science [GGS] mission. The administration requested \$25,000,000 for this new program to provide measurements necessary for the interaction between the Earth and the Sun.

—\$28,000,000 for expendable launch vehicle procurement. Such costs for launch of space science payloads are normally funded under the "Space flight, control, and data communications" account and, therefore, these requested funds are addressed there.

Although concurring in the addition of \$5,000,000 for spacelab/space station payload development, the Committee directs that these funds be applied to the development of a high resolution solar observatory [HRSO] as a vehicle-independent program to be carried out in the most cost-effective way. The project should not be tied exclusively to the space station. The Committee is concerned that the recently proposed termination of HRSO would leave NASA without a program for the study of the Sun from space and waste substantial sums already expended.

The Committee proposes the following adjustments to the House-approved amounts:

+ \$10,000,000 for explorer development. This increase would result in a \$70,300,000 explorer program in fiscal year 1988 compared to the \$60,300,000 program proposed in the administration's budget and by the House.

+ \$25,000,000 for the Mars observer mission. This would produce a total budget of \$54,300,000 for Mars observer. The House approved the budget request of \$29,300,000. The Committee is concerned over NASA's decision to reschedule the mission from 1990 until September 1992 and feels that every effort should be made to achieve the earliest possible launch either on the space shuttle or on an expendable launch vehicle. Consequently, the Committee directs NASA to submit by January 30, 1988, a report addressing the advantages and disadvantages of launching the Mars observer mission on the shuttle as opposed to an expendable launch vehicle, the technical modifications necessary to assure dual capability, and the funding requirements and vehicle/facility availability associated with both options, as well as cost of assuring dual capability for the mission.

+ \$18,400,000 for the Magellan Venus mapping mission, providing a total budget of \$78,000,000 rather than \$59,600,000 as proposed by the administration and approved by the House.

— \$15,000,000 for planetary observer mission spares. The Committee understands that it is not essential to provide these funds in fiscal year 1988. No funds were requested by the administration while the House provided \$15,000,000.

+ \$14,000,000 for the Advanced Communications Technology Satellite [ACTS]. The administration requested no funding for the program while the House provides \$70,000,000. The Committee's recommendation would make a total of \$84,000,000 available in fiscal year 1988. The Committee notes that this project is nearing completion and sees no valid reason for terminating Federal funding at this point in its development.

+ \$4,000,000 for commercial programs. This increases funding to \$50,000,000 from a House-approved level of \$46,000,000. The Commit-

tee is pleased that NASA is going forward with its plans to support two additional centers for the commercial development of space in the areas of automation and robotics and artificial intelligence, such as that proposed for establishment at West Virginia University, and to assist private space ventures in the commercial uses of space through cooperative arrangements.

+ \$2,000,000 for the Advanced Rotary Engine Program providing a total budget of \$3,500,000. The administration requested and the House provided \$1,500,000 for this program. The Committee has been informed that the augmentation of this program by \$2,000,000 per year over the next 3 to 5 years should result in a significant increase in fuel efficiency and power density compared to current general aviation aircraft piston engines.

— \$11,000,000 for transatmospheric research and technology. The House provided \$56,000,000 for this program, a reduction of \$10,000,000 below the administration's budget request. The amount recommended will continue the program at the current level of \$45,000,000. The Committee understands certain advanced technology components, such as materials relied upon by engine and airframe designers, are not yet available. Consequently, it seems advisable to slow down the current development schedule.

— \$2,200,000 for the civilian space technology initiative's propulsion program. The administration requested \$39,200,000 for the program. The Committee recommends an appropriation of \$22,000,000.

Of funds appropriated in fiscal year 1988, the Administrator may make available, subject to authorization, up to \$10,000,000 to establish and fund a Space Grant College and Fellowship Program.

SPACE FLIGHT, CONTROL AND DATA COMMUNICATIONS

1987 appropriation	\$5,715,000,000
1988 budget estimate	4,064,300,000
House allowance	4,000,300,000
Committee recommendation	3,978,300,000

PROGRAM DESCRIPTION

The space flight, control and data communications appropriation provides for the production and operational activities for the space transportation system and the tracking, telemetry, command, and data acquisition support of all NASA flight projects.

Shuttle production and operational capability and space transportation operations are the key elements of the space transportation system that are contained within this appropriation. The shuttle production and capability development program provides for the national fleet of space shuttle orbiters (including the replacement orbiter) including main engines, launch site and mission operational control requirements, initial structural and operational spares, production tooling, and related supporting activities.

The space tracking and data acquisition program provides vital tracking, telemetry, command, and data acquisition support for Earth-orbital

spacecraft, planetary missions, sounding rockets, balloons, and research aircraft. This support is currently provided by a worldwide network of NASA ground stations, and by the first of a system of three tracking and data relay satellites in geosynchronous orbit working with a single highly specialized ground station. Facilities are also provided to process into meaningful form the scientific, applications, and engineering data which are collected from flight projects.

COMMITTEE RECOMMENDATION

The Committee recommends \$3,978,300,000 for space flight, control, and data communications activities. This is \$86,000,000 less than the budget request and \$22,000,000 less than the House allowance.

The Committee views the restoration of the space shuttle system to full operation capability as the highest immediate priority. To this end, the Committee recommended, and there was enacted, appropriations of \$526,000,000 in the Fiscal Year 1986 Supplemental Act and \$300,000,000 in the Fiscal Year 1987 Supplemental Act. Furthermore, the Congress provided \$2,100,000,000 in the fiscal year 1987 continuing resolution for orbiter production activities related to replacement of the *Challenger*.

As discussed earlier in this report, the Committee has been advised that approximately \$100,000,000 of funds previously appropriated for the replacement of the *Challenger* may be made available for other purposes, and language has been recommended to permit the use of such funds for development of the space station. The Committee, however, believes that the remaining funds of the orbiter production appropriation should be applied in a manner which assures the earliest efficient delivery of the replacement orbiter consistent with safe and effective resumption of flight activity of the entire orbiter fleet. The Committee, therefore, directs that up to \$100,000,000 of the remaining orbiter production funds be utilized to complete necessary modifications such as redesign of the external tank disconnect latch, correction of reaction control system primary thruster instability, contingency alert analyses, vertical tail modifications, payload bay door entry latches and modified drag chutes as well as for analyses to certify extended orbiter life and improvements to the existing orbiters, and for related work required to prepare the fleet for operational flight status. In addition, the Committee directs that of this amount, sufficient funds (up to \$20,000,000) be applied for production of orbiter spare parts both to assure efficient operations and to maintain critical production capabilities. In view of the availability of these funds, the Committee concurs with the House in deleting \$79,000,000 requested in 1988 for structural spares, and also recommends the deletion of \$40,000,000 added by the House for shuttle recovery.

The Committee also notes that the recently released National Research Council report on the space station recommended that NASA begin work on another orbiter to assure adequate future manned space launch capability. The Committee believes that such an initiative is not

only prudent but may have significant potential to maximize the utility and efficiency of the space station. For example, a fifth orbiter would permit greater on-station time of an orbiter, thereby reducing or eliminating the need for a crew emergency rescue vehicle [CERV].

The Committee also recommends restoring \$20,000,000 of the House-passed reduction of \$40,000,000 from the \$76,000,000 requested by the administration for the replacement of a tracking and data relay satellite [TDRSS] lost on *Challenger*. Continuing delays in the next shuttle launch date make reduction feasible, but the Committee's recommendation will permit a more efficient level of activity in the program.

The Committee agrees with the House decision to make a general reduction of \$15,000,000 in the "Tracking and data acquisition" account, a 1.5-percent reduction in the administration's \$948,900,000 budget request. The Committee notes that even with this reduction, appropriations for this program will increase by \$71,000,000 in fiscal year 1988.

Finally, the Committee recommends \$28,000,000 for two Delta II class expendable launch vehicles as requested in Senate Document 100-12, a reduction of \$2,000,000 in the amount provided by the House. These vehicles are dedicated to launch of the Roentgen satellite [ROSAT] and the extreme ultraviolet explorer [EUVE] in 1990 and 1991, respectively. As discussed previously in this report, these funds were requested for appropriation under the "Research and development" account. The Committee concurs with the House recommendation to fund this activity in this account.

CONSTRUCTION OF FACILITIES

1987 appropriation.....	\$469,300,000
1988 budget estimate.....	195,500,000
House allowance.....	169,700,000
Committee recommendation.....	185,700,000

PROGRAM DESCRIPTION

This appropriation provides for the contractual services for the design, repair, major rehabilitation, and modification of facilities; the construction of new facilities; minor construction; the purchase of land and equipment related to construction and modification; and advanced design related to facilities planned for future authorization.

COMMITTEE RECOMMENDATION

The Committee recommends \$185,700,000 for the construction of facilities. This is \$9,800,000 less than the budget request and \$16,000,000 more than the House allowance.

The Committee concurs with the House in deleting \$25,800,000 requested for space station facilities. The Committee believes these projects can be delayed for 1 year without affecting the space station program.

The Committee recommends the appropriation of \$16,000,000 to initiate the repair of the 12-foot pressure wind tunnel at NASA's Ames

Research Center. Funds to initiate repair design activities were included in Public Law 100-71. The total cost of this project is estimated to be about \$60,000,000.

RESEARCH AND PROGRAM MANAGEMENT

1987 appropriation	\$1,425,000,000
1988 budget estimate	1,589,195,000
House allowance	1,558,000,000
Committee recommendation	1,558,000,000

The research and program management appropriation supports the performance and management of research, technology, and test activities at NASA installations, and the planning, management, and support of contractor research and development tasks necessary to meet the Nation's objectives in aeronautical and space research. Specifically, this appropriation provides the technical and management capability of the civil service staff needed to conduct the full range of programs for which NASA is responsible; maintains facilities and laboratories in a state of operational capability and manages their use in support of research and development programs; and provides technical and administrative support for the research and development programs at NASA.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending \$1,558,000,000 for research and program management. This is \$31,195,000 less than the budget request.

The Committee notes that the amount recommended exceeds last year's appropriation by \$133,000,000 and believes that this increase of almost 10 percent should be sufficient to allow NASA to handle its added space station responsibilities.

The Committee is pleased to note that NASA is making substantial progress in moving institutional costs from the "Research and development" account as well as the "Space flight control and data communications" account to the "Research and program management" account pursuant to language contained in House Report 100-189.

The Committee will work closely with NASA and with the House to achieve the goal of a reordered account structure that identifies costs that are properly attributable to the three accounts in question and restores the integrity of each of the accounts.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	<i>Direct loan limitation</i>	<i>Administrative expenses</i>
1987 limitation	\$600,000,000	\$850,000
1988 budget estimate	600,000,000	847,000
House allowance	600,000,000	847,000
Committee recommendation	600,000,000	847,000

PROGRAM DESCRIPTION

The National Credit Union Administration Central Liquidity Facility [CLF] was created by the National Credit Union Central Liquidity Facility Act (Public Law 95-630) as a mixed-ownership Government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration Board and is owned by its member credit unions.

The purpose of the facility is to improve the general financial stability of credit unions by meeting their seasonal and emergency liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy. To become eligible for facility services, credit unions invest in the capital stock of the facility, and the facility uses the proceeds of such investments and the proceeds of borrowed funds to meet the liquidity needs of credit unions. The primary sources of funds for the facility are the stock subscriptions from credit unions and borrowings.

The facility may borrow funds from any source, with the amount of borrowing limited by Public Law 95-630 to 12 times the amount of subscribed capital stock and surplus.

Loans are available to meet short-term requirements for funds attributable to emergency outflows from managerial difficulties on local economic downturns. Seasonal credit is also provided to accommodate fluctuations caused by cyclical changes in such areas as agriculture, education, and retail business. Loans can also be made to offset protracted credit problems caused by factors such as regional economic decline.

COMMITTEE RECOMMENDATION

The Committee concurs with the House in recommending a limitation of \$600,000,000 on the amount that may be borrowed from the public or any other source, except the Secretary of the Treasury, as proposed in the budget estimate. The Committee also concurs with the House in recommending a limitation on administrative expenses of \$847,000 as requested in the President's budget.

The Committee is pleased to note that the CLF loan balance fell from \$290,400,000 in 1984 to \$101,400,000 as of August 31 of this year and looks forward to a continuing improvement in this area.

NATIONAL SCIENCE FOUNDATION

1987 appropriation.....	\$1,622,850,000
1988 budget estimate.....	1,892,487,000
House allowance.....	1,793,000,000
Committee recommendation.....	1,866,487,000

GENERAL DESCRIPTION

The National Science Foundation [NSF] was established as an independent agency by the National Science Foundation Act of 1950 (Public Law 81-507) and is authorized to support basic and applied

research, science and technology policy research, and related scientific and science and engineering education programs to promote the progress of science and engineering in the United States.

The Foundation supports fundamental and applied research in all major scientific and engineering disciplines, through grants, contracts, and other forms of assistance, such as cooperative agreements, awarded to more than 2,000 colleges and universities and to nonprofit organizations and other research organizations in all parts of the United States. The Foundation also encourages cooperative efforts by universities, industries, and Government.

NSF also supports major national and international science programs including the U.S. Antarctic Program and ocean drilling program.

The Foundation also supports, through contracts, five national astronomy centers and one national atmospheric research center. The centers provide telescopes and other facilities needed for advanced research. The six centers are: The National Radio Astronomy Observatory at Green Bank, WV, which also operates the very large array radio astronomy facility near Socorro, NM; the Kitt Peak National Observatory at Tucson, AZ; the Cerro Tololo Inter-American Observatory in Chile; the National Astronomy and Ionosphere Center in Puerto Rico; the Sacramento Peak Observatory at Sunspot, NM; and the National Center for Atmospheric Research at Boulder, CO.

NSF is a leading Federal supporter of basic research at academic institutions. It is estimated that the Foundation provides approximately 25 percent of Federal support for basic research going to academic institutions. In some fields, NSF provides the dominant share of Federal basic research support, including almost 70 percent in ground-based astronomy, over 50 percent in environmental sciences, over 90 percent in environmental biology, over 50 percent in mathematics, and nearly 40 percent in engineering. The National Science Foundation operates no in-house laboratories. Except for administrative costs (approximately 5 percent) and operations support costs for the U.S. Antarctic Program (about 8 percent), over 99 percent of all Federal funds appropriated to NSF go directly to non-Federal performers of scientific and engineering research and science and engineering education activities.

RESEARCH AND RELATED ACTIVITIES

1987 appropriation	\$1,406,150,000
1988 budget estimate	1,634,487,000
House allowance	1,505,000,000
Committee recommendation	1,634,487,000

GENERAL DESCRIPTION

The research and related activities appropriation provides support for the Foundation's science, engineering, policy, and international research programs and administrative expenses. Separate appropriations are made for the science and engineering education activities, and the U.S. Antarctic Program.

The Foundation's discipline oriented research programs are subdivided into the following activities; mathematical and physical sciences; engineering; geosciences; biological, behavioral, and social sciences; and computer and information science and engineering. Scientific, technological, and international affairs is the other research and related activity within this appropriation.

In fiscal year 1988, the Foundation will maintain broad support across the mathematical and physical sciences, with special emphasis on the mathematical sciences and strong experimental capability in all fields. Balance will also be maintained among individual research projects, special equipment programs, university laboratories, and national user facilities in accordance with scientific requirements. Special emphasis is given to the mathematical sciences in order to correct serious deficiencies in the past. Support of graduate students and postdoctoral researchers, research instrumentation and equipment of all types will be stressed throughout, including a continuation of selected facility construction and upgrading. An area of special emphasis in fiscal year 1988 is that of computational science and engineering. This is a Foundation-wide activity which is aimed at bringing advanced computational techniques and machine access to bear on scientific and engineering problems which are computation-intensive. NSF also intends to give priority to astronomical instrumentation, including continuation of construction of the Very Long Baseline Array [VLBA] for radioastronomy, which will provide unmatched capability to probe the highly energetic nuclei of galaxies and quasars.

The program for engineering in fiscal year 1988 will continue to expand basic and applied engineering research, with continuing increased emphasis on engineering research centers. Special emphases will include experimental research in such areas as materials processing, lightwave technology, biotechnology, manufacturing systems, and automation. Increased support for young faculty will continue to be highlighted.

The biological, behavioral, and social sciences activity will place particular research emphasis on the following in fiscal year 1988: Cross-disciplinary research in areas related to biotechnology; ecological sciences; application of powerful new techniques to the understanding of nervous system development; establishment of several biological research centers; enhancement of risk assessment research; and provision of advanced research instrumentation, including multiuser equipment through support of biological facilities centers.

In the geosciences program activity, NSF intends to give priority to basic atmospheric research on local weather, chemical processes in the atmosphere, and climate change; to Earth sciences related to earthquakes, volcanos, and the structure and evolution of the continental crust; to ocean research related to oceanic crustal dynamics and chemistry; and to continuation of an Ocean Drilling Program. A major research focus in the global geosciences initiative is the goal of understanding how the Earth functions as a system of interrelated processes. Support is also included for the National Center for Atmospheric Re-

search. Operation of university and oceanographic institution research ships will also be supported.

The computer and information science and engineering activity supports fundamental research in the computer and information science disciplines, and research on and provision of advanced computing and networking capabilities. Research programmatic topics supported in 1988 include the creation, representation, storage, transmission and transformation of information. Special attention is devoted to the computing and communications technologies employed to manage information processing, and to selected areas of application, such as automation, integrated electronic systems and scientific computing. The activity also supports national centers for advanced scientific computing, supplying to researchers of all disciplines the most advanced scientific computation facilities available to the academic research community. The activity's networking efforts build toward a national infrastructure for computer and human interaction and communication.

The scientific, technological, and international affairs activity supports programs which cut across scientific and engineering disciplines and across institutional and international boundaries to provide unique services to the science and technology community. Here the National Science Foundation also employs joint management practice of integrating targeted programs with mainstream research activities to guarantee close involvement of scientists and engineers in the research components of special initiatives and international agreements. Activities planned in fiscal year 1988 include programs that: support basic research by small businesses; enhance work of U.S. researchers by facilitating their cooperation with foreign scientists and increased support for work performed in Japan; provide research and analysis on public policy issues pertaining to science and technology; maintain comprehensive data bases on the Nation's science and engineering resources; and extend greater research opportunities to all segments of the scientific and engineering communities.

The program development and management activity provides for the operation, support management, and direction of all Foundation programs and activities and includes necessary funds to develop, manage, and coordinate NSF programs.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,634,487,000 for research and related activities. This is the same as the budget request and \$129,487,000 more than the House allowance.

The Committee fully endorses the initiative of the administration to double our rate of national investment in basic science and technology within 5 years. The efforts of NSF in fostering the highest quality merit-reviewed scientific research, coupled with the development of industry and State-supported research centers of excellence, and that of federally funded national laboratories encompass a strategy of harnessing the most capable minds and institutions available to maintain our

Nation's leadership in a highly competitive global marketplace of technologies and products.

Moreover, our Nation's pursuit of excellence in scientific research will permit a better understanding of not only the impact of man and his activities in the global environment but also that of our changed environment on us. This knowledge and greater degree of understanding is crucial to addressing the enormous implications of atmospheric ozone depletion, climate warming, and for coping with technological change.

The Committee does not concur with House report language earmarking funds for specific activities and programs including the reservation of \$3,500,000 for advanced scientific computing at phase I computer centers. However, the Committee urges the Foundation to allow individual grantees maximum flexibility in the use of computer facilities that best meet their needs. The Committee believes that the earmarking of a specified amount for particular centers interferes with the merit-based review process and expects this process, which has produced spectacular research results, to continue to be the basis for all awards made by the Foundation.

The Committee notes that the national supercomputing centers funded by NSF have achieved impressive scientific and educational results and recognizes that keeping the centers at the leading edge of computing technology is an essential factor in the maintenance of the nation's competitive stance. Thus, the Committee urges the Foundation to maintain maximum support possible for national computer centers.

Although the Committee has deleted language in the House bill directing the Foundation to make \$1,500,000 available only for the work of the International Institute for Applied Systems Analysis, the Committee shares the House concern over the failure of the Foundation to continue to support the work of this East-West research group. The Committee understands that an institute application for funding is currently being considered by the administration. Early action on the application would render the House language moot.

The Committee supports the efforts of the Foundation to enhance the Nation's scientific and engineering capabilities and recognizes that such activities can make a major contribution to the U.S. competitive posture in the world. The Committee urges the Foundation to actively seek the participation of Federal agencies, and especially the national laboratories, in joint ventures to advance these goals, and it is pleased to note that this approach is being taken in the proposed science and technology centers initiative.

The Committee is pleased that a contract is in place to proceed with the very long baseline array [VLBA] and urges the project's timely completion. The Committee believes a minimum of \$11,900,000 is needed to sustain the existing contract, and the Committee expects additional funds to be directed to the VLBA should they become available.

The Committee also notes that the fiscal year 1988 budget request for astronomical sciences, exclusive of construction of the VLBA, is 5 per-

cent above that of 1984, only one-half of inflation over the same period. This has led to staff reductions, for example, at the Green Bank Radio facility. Reversal of this trend is necessary to maintain the vigor of the science, the momentum of technical development, and the viability of major facilities. The Foundation is requested to study the long-range plan of its astronomical centers, including the future of their activities with other agencies, for example NASA and the U.S. Naval Observatory.

The Committee urges the Foundation, within the limited sums available, to establish an Engineering Research Center within the Pacific basin that focuses on ocean systems research.

The Arctic Research Commission recently concluded that a lead agency should be designated for social and behavioral research on Arctic topics. Based on a review of the possible agencies which could serve this role, the Committee concludes that the Foundation is uniquely suited to serve effectively as the lead agency for social and behavioral sciences with respect to Arctic research issues. In that light, the Committee recommends that the Foundation exercise that role and look for opportunities to more adequately support research in these areas.

The Arctic Research and Policy Act was designed to provide a comprehensive national policy dealing with national research needs and objectives in the Arctic. Pursuant to the act, on July 31, 1987, the President transmitted to the Congress the first U.S. Arctic research plan. The plan has not yet been implemented. The Committee recognizes the importance of the plan and the work of the Arctic Research Commission and directs that the Arctic Research Commission be funded at or above fiscal year 1987 levels.

The Committee has concurred with a House reduction of \$7,000,000 for program development and management, establishing a limitation of \$88,000,000 for NSF administrative expenses in fiscal year 1988. The Committee specifically directs the Agency to defer funding for a proposed \$2,300,000 PBX telecommunications system which the Foundation had planned to install in fiscal year 1988.

The Committee believes additional economies could be made by requiring greater cost sharing by host institutions under the Intergovernmental Personnel Act [IPA]. IPA employees normally take a 1- or 2-year leave of absence from their university to work for the Foundation and the Foundation, in most instances, pays their full salary. Other Federal agencies, such as the National Institutes of Health, require the host institution to pay as much as 50 percent of an IPA assignee's salary because of the mutual benefit derived by both parties from an IPA assignment. The Committee directs the Foundation to make a concerted effort to increase the amount of cost sharing by host institutions in the negotiation of new IPA agreements and to submit a report on its progress to the Committee by March 1, 1988.

The Committee notes that IPA personnel, in a few instances, are paid more than their Federal counterparts. In some cases IPA staff have received a higher salary than the Foundation's director. The Committee

feels that this is an inappropriate use of Federal dollars and has included language in the bill placing a ceiling of \$77,500, the highest amount that can be received by a Senior Executive Service employee, on Federal payments to IPA personnel. This ceiling will also apply to the salaries of consultants. This amendment is included in the general provisions title of the bill.

The Committee concurs with the House in rejecting the administration's proposal to increase the Foundation's official reception and representation allowance from \$2,500 to \$6,000. In view of the budget pressures faced by the Federal Government, the Committee believes such an increase would be inadvisable.

U.S. ANTARCTIC PROGRAM ACTIVITIES

1987 appropriation	\$117,000,000
1988 budget estimate	143,000,000
House allowance	143,000,000
Committee recommendation	117,000,000

PROGRAM DESCRIPTION

The U.S. Antarctic Program supports national goals to maintain the Antarctic treaty, to ensure the continent will continue to be used for peaceful purposes only, to foster cooperative research to contribute to the solution of regional and worldwide problems, and to protect the environment and achieve equitable and wise use of living and nonliving resources. This U.S. Antarctic Research Program continues to be the principal expression of national interest and policy in Antarctica.

In fiscal year 1988, the Foundation will continue to support research intended to increase knowledge of the Antarctic continent and surrounding oceans by developing an understanding of the Antarctic ice sheets and the Antarctic physical, biological, geological, meteorological, atmospheric, chemical, and oceanographic processes. Emphasis will be given to research in atmospheric sciences, marine ecosystems and nutrients, and ice sheet dynamics.

COMMITTEE RECOMMENDATION

The Committee recommends \$117,000,000 for the U.S. Antarctic Program. This is \$26,000,000 below the budget request and the House allowance and maintains the program at its current level.

SCIENCE AND ENGINEERING EDUCATION ACTIVITIES

1987 appropriation	\$99,000,000
1988 budget estimate	115,000,000
House allowance	145,000,000
Committee recommendation	115,000,000

PROGRAM DESCRIPTION

The Foundation's Science and Engineering Education [SEE] Program is designed to encourage the entrance of talented students into science and technology careers, to improve the undergraduate science and engineering education environment, and to assist in providing all precollege students with a level of education in mathematics, science, and technology that reflects the needs of the Nation and is the highest quality attained anywhere in the world.

Graduate research fellowships provide support for the Nation's most able students to undertake graduate study in science and engineering. Each fellowship in fiscal year 1988 will provide a student stipend of \$12,300 per year and a yearly cost of education allowance of \$6,000 to the fellow's chosen institution. In fiscal year 1987, the National Science Foundation awarded 560 new graduate fellowships of which 55 were minority graduate fellowships. It is expected that approximately 200 additional new fellowships will be provided in fiscal year 1988.

At the undergraduate level, NSF provides support for improvement of science laboratories at 4-year colleges through purchase of equipment and encouragement of equipment sharing arrangements. Matching requirements (50 percent) extend the impact of the program and serve in many cases to establish new partnerships between colleges and private sector organizations. In addition, other programs support special undergraduate faculty enhancement efforts and projects to address the underrepresentation of women, minorities, and the disabled in science and engineering.

The precollege programs are designed to enhance the status and professionalism of science and mathematics teaching as a career, encourage the development of cooperative relationships among all segments of society that can assist in the improvement of precollege science and mathematics education, encourage the development of quality instruction programs, incorporate the usage of computers and other new technologies, support research in teaching and learning, identify new ideas and exemplary approaches to the long-term problems of continuing science and mathematics teacher education, and encourage talented secondary school students to consider careers in science and engineering.

COMMITTEE RECOMMENDATION

The Committee recommends \$115,000,000 for science and engineering education activities. This is the same as the budget request and \$30,000,000 less than the House allowance. The amount recommended will permit continuation of needed initiatives to improve the quality and impact of not only exemplary federally sponsored programs, but will expand the reach and direct support of these activities to all grade levels through secondary education and into the undergraduate college curriculum.

The Committee is pleased to note that NSF has created the Office of Undergraduate Science, Engineering and Mathematics Education in the SEE Directorate and that throughout their budget planning process, a

focus has been on balance across the education spectrum to attract, educate, and retrain the technical personnel we need for our future.

To insure that the Foundation moves forward on its undergraduate science education initiatives and supports and maintains a robust science and engineering education program at all levels, the Committee is requesting the Foundation to report each year on the expenditure of resources in support of undergraduate education. Specifically, the report shall include such areas as instrumentation/laboratory development, research experience for undergraduates, faculty enhancement, curriculum development, and research in undergraduate institutions.

The Committee's interest in NSF activities at the precollege level is very great. In that regard, the Committee urges NSF to support innovative comprehensive public-private partnership proposals to improve precollege science and mathematics education. Significant involvement of State and local education agencies and groups, other Federal agencies, industry, and other private groups would be appropriate. This new effort should incorporate all of the elements necessary to advance the state of the art in precollege science education. The Foundation should consider the use of planning grants, similar to the mechanism used in the experimental program to stimulate competitive research, for the initiation of these comprehensive efforts. Specifically, materials research, development, and dissemination; teacher training and stipends; the use of high-quality advanced technologies (hardware and software); and appropriate evaluation procedures should be included in these comprehensive innovations in precollege science education.

The Committee recognizes that a critical component of the Nation's drive to improve its competitive posture in the world arena is a technologically oriented and educated population. A coordinated effort is needed to make optimal use of the Nation's educational and scientific resources. The Committee, therefore, urges the Agency to coordinate its educational activities with those supported by the Department of Energy, including the national laboratories, and the Department of Education, and to actively seek areas of cooperation to improve our overall education strategy. The Committee is impressed with the Foundation's continued commitment to science and mathematics education for young people, such as its support of nationwide mathematics and science education television programs for home and school viewing. The Committee particularly appreciates the cooperation of the Department of Education with NSF in these projects, and urges that this joint support continue.

The Committee commends NSF for fostering innovative ways to develop science and mathematics teaching materials. A specific example is NSF's efforts to foster partnerships between publishers and curriculum developers. While encouraging NSF to continue these alliances, the Committee believes NSF should also support the development of science and mathematics teaching materials coupled with other related activities that are created through alternative models such as partnerships between developers and other members of the private sector, univer-

sities, and State and local educational agencies. New types of alliances could include new elements that do not presently exist such as followup coaching of teachers, localization of materials to address local needs, adaptable materials that reflect unique education environments, preservice training in the use of new materials, ongoing research to address problems arising in the use of new materials, and other innovative uses of advanced technologies.

NEIGHBORHOOD REINVESTMENT CORPORATION

1987 appropriation	\$19,000,000
1988 budget estimate	18,669,000
House allowance	19,500,000
Committee recommendation	19,500,000

PROGRAM DESCRIPTION

The Neighborhood Reinvestment Corporation was created by the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Public Law 95-557, Oct. 31, 1978). The Corporation, through the Neighborhood Housing Services [NHS] Apartment Improvement and Mutual Housing Association programs improves the quality of life in NHS neighborhoods for current residents, exerts a long-term stabilizing influence on the neighborhood business environment, reverses neighborhood decline and reduces the risks of doing business in the neighborhood. NHS programs have been positively impacting urban neighborhoods for several years. More recent experience is also demonstrating the success of this approach in rural communities—when given the availability of adequate resources.

In 1988, the Corporation plans to continue developing NHS and Mutual Housing Association programs in a limited number of additional cities; providing assistance to NHS programs, expanding to additional neighborhoods; and assisting local programs with designing and implementing the individual plans and strategies needed to accomplish their particular goals leading to the neighborhood becoming self-reliant. Ongoing technical services (training, internal systems analyses, interim staffing, et cetera) will continue to be provided to local programs to the extent that resources allow. The Corporation also plans to continue selecting neighborhood preservation projects for support, monitoring, and evaluation; and replicating promising strategies and mechanisms in other localities.

The Corporation also plans to continue providing, on a limited basis and subject to the availability of low-cost capital, resources to enable NHS's to expand their services to tackle the specific issues standing in the way of realizing neighborhood goals and achieving neighborhood self-reliance. With these supplements, the NHS can address such elements as more distressed neighborhoods, lower-income households, a higher proportion of renters and apartment buildings, more blighted buildings, scattered vacant lots, decaying commercial strips, lack of

availability of affordable housing, and other negative conditions. Program supplements include the multifamily housing strategies, problem properties strategies, housing development strategies, and the neighborhood economic development and commercial revitalization strategies.

The Corporation will continue to provide fundraising counseling to NHS programs throughout the country, utilizing the assistance of Neighborhood Housing Services of America [NHS], a private, non-profit, State chartered, tax exempt corporation established to give added private sector strength to NHS partnership organizations. NHS provides fund-raising training seminars for NHS programs and direct fund-raising counseling to NHS programs toward local, regional, and state-wide fundraising goals. Additionally, NHS is raising social investment capital in support of the NHS secondary market. Considerable progress has been made in the development of sound investment commitments. NHS's capacity to keep pace with NHS secondary market needs with primary reliance on private, rather than Neighborhood Reinvestment, resources, however, is constrained by a difficult fundraising environment and an overriding need for local fundraising assistance.

The Corporation plans to expand the number of Mutual Housing Association developments, subject to availability of local and State capital grant resources.

COMMITTEE RECOMMENDATION

The Committee recommends \$19,500,000 in new budget authority for the Corporation. This is \$500,000 more than the Corporation's fiscal year 1987 enacted level, \$831,000 more than the budget request, and the same as the House allowance.

The Committee recommends that within the limited funding available, the Corporation continue the development of mutual housing associations with the ultimate objective of establishing such associations in communities of need throughout the United States, monitoring their progress, and providing them with grants and technical assistance. A mutual housing association may involve a partnership of occupant members, neighborhood representatives, business leaders, and representatives of local government, organized as a State-chartered nonprofit corporation to combat neighborhood deterioration and preserve neighborhood stability through community and resident involvement in the provision of high-quality, long-term housing affordable to lower income families.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

1987 appropriation	\$26,128,400
1988 budget estimate	26,520,000
House allowance	26,520,000
Committee recommendation	26,520,000

PROGRAM DESCRIPTION

The Selective Service System was reestablished by the Selective Service Act of 1948. The basic mission of the System is to be prepared to supply to the Armed Forces manpower adequate to insure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements. However, the Selective Service System remains the primary vehicle by which men will be brought into the military through the reinstitution of the draft if mobilization occurs and if the legislative bar to reinstituting the draft is lifted.

Registration was reinstituted in July 1980. In January 1982, the President reaffirmed the need for young men to register with Selective Service in order to save critical time in mobilization during an emergency.

Registration improvement is an integral part of the Selective Service efforts to maintain high compliance percentages. Since the reinstitution of registration in July 1980, Selective Service has been faced with the need to reestablish public awareness of registration requirements and to perform this important task with limited personnel and only part-time staff at the State and local level. Selective Service has mounted an intensive public information campaign designed to inform young men of their obligation to register and the consequences of not doing so. The Selective Service is utilizing its resources in continuing promotional activities to keep registration information in the public eye.

In an effort to identify young men who have not registered, Selective Service is carrying out a Compliance Program. Procedures have been developed for matching computerized records of registrants with those of the Social Security Administration, the Veterans' Administration, the Department of Education, and the department of motor vehicles within the various States and territories, and other agencies in the public and private sectors.

COMMITTEE RECOMMENDATION

The Committee recommends \$26,500,000 for the Selective Service System. This is the same as the budget request and the House allowance. The current limitation for official reception and representation expenses is maintained.

The funds recommended are sufficient to support the activities of the Selective Service System and support 277 full-time permanent positions.

The Committee notes that of those men reaching the age of 18, only 56 percent are meeting the statutory requirement to register within 30 days of their 18th birthday. The Committee is concerned about this low percentage and urges the Selective Service System to accelerate its efforts to better this percentage.

VETERANS ADMINISTRATION

COMPENSATION AND PENSIONS

1987 appropriation	\$14,444,600,000
1988 budget estimate	14,334,287,000
House allowance	14,334,287,000
Committee recommendation	14,334,287,000

PROGRAM DESCRIPTION

Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. The amount of compensation is based upon the impact of disabilities on earning capacity. Death compensation or dependency and indemnity compensation is payable to the surviving spouses and dependents of veterans whose deaths occur while on active duty or result from service-connected disabilities. A clothing allowance may also be provided for service-connected veterans who use a prosthetic or orthopedic device.

The Veterans' Benefits Improvement and Health Care Authorization Act of 1986 (Public Law 99-576) increased both disability compensation for service-disabled veterans and dependency and indemnity compensation to surviving spouses and children by 1.5 percent, effective December 1, 1986, at a cost of \$130,600,000 in 1987.

Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to nonservice connected disabilities which render them permanently and totally disabled. Veterans 65 years of age or older are considered permanently and totally disabled by law and are thus exempt from a medical evaluation. Death pensions are payable to needy surviving spouses and children of deceased wartime veterans. The rate payable for both disability and death pensions is determined on the basis of the annual income of the veteran or his survivors.

The Veterans and Survivors' Pension Improvement Act of 1978 (Public Law 95-588) reformed the Pension Program and provided for automatic annual cost-of-living increases comparable to annual Social Security increases for those pensioners in the improved program and to parents receiving dependency and indemnity compensation. The increase for fiscal year 1987 was 1.3 percent.

Legislation is being proposed making the eligibility for the burial plot allowance the same as those for the basic burial allowance; indexing compensation benefits to the annual change in the Consumer Price Index; and funding the Veterans Mortgage Life Insurance Program in the veterans insurance and indemnities appropriation. Burial plot allowance eligibility would be linked to veterans with a service-connected disability, veterans in receipt of a pension, and certain other categories of war-time veterans. Indexing compensation benefits to the Consumer Price Index would guarantee a full and timely cost-of-living adjustment to all compensation beneficiaries including DIC and children.

Currently, the Veterans Mortgage Life Insurance Program is funded in the compensation and pensions appropriation. It is proposed to fund

this insurance program in the veterans insurance and indemnities appropriation. Enactment of this proposal would not alter either the operation or funding of this program.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$14,334,287,000 for compensation and pensions. This amount is the same as the budget estimate and the House allowance. The estimated caseload and costs by program for 1987 and 1988 are as follows:

	1987	1988	Difference
Caseload:			
Compensation:			
Veterans.....	2,217,422	2,201,706	- 15,716
Survivors.....	328,224	323,205	- 5,019
(Clothing allowance).....	(60,200)	(60,200)	
Pensions:			
Veterans.....	642,900	616,500	- 26,400
Survivors.....	661,100	618,500	- 42,600
Vocational training.....	(330)	(440)	(+ 110)
Burial benefits.....	123,500	123,300	- 200
Funds:			
Compensation:			
Veterans.....	\$8,412,373,000	\$8,267,220,000	- \$145,153,000
Survivors.....	2,062,397,000	2,062,820,000	+ 423,000,000
Pensions:			
Veterans.....	2,479,129,000	2,470,923,000	- 8,206,000
Survivors.....	1,347,971,000	1,369,077,000	+ 21,106,000
Vocational training.....	400,000	600,000	+ 200,000
Burial benefits.....	130,335,000	136,163,000	+ 5,828,000
Other assistance.....	5,565,000	5,524,000	- 41,000
Unobligated balance and other adjustments.....	6,430,000	21,960,000	+ 15,530,000
Total, appropriation.....	14,444,600,000	14,334,287,000	- 110,313,000

The Administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation, pensions and burial benefits, and miscellaneous assistance. The Committee has again disapproved this proposal and recommends \$14,334,287,000 in a single compensation and pensions appropriation in fiscal year 1988.

READJUSTMENT BENEFITS

1987 appropriation.....	\$741,150,000
1988 budget estimate.....	625,700,000
House allowance.....	625,700,000
Committee recommendation.....	625,700,000

PROGRAM DESCRIPTION

The readjustment benefits appropriation finances the education, and training of veterans and servicepersons whose service occurred at least in part, between February 1, 1955 and December 31, 1976, (post-Korean and Vietnam-era veterans). It also finances educational assistance al-

lowances for eligible dependents of those veterans who died from service-connected causes or have a total permanent service-connected disability as well as dependents of servicepersons who were captured or missing in action. In 1988, appropriated funds are being requested to fund the basic education allowance for the All-Volunteer Force Education Assistance Program. In addition, certain disabled veterans are provided with vocational rehabilitation, specially adapted housing grants, and automobile grants with associated approved adaptive equipment. Legislation is proposed to fund the All-Volunteer Force Education Assistance Program (new GI bill) basic benefit allowance through the Department of Defense rather than through the readjustment benefits appropriation. The Veterans Administration would continue to administer the program.

COMMITTEE RECOMMENDATION

The Committee recommends \$625,700,000 for readjustment benefits for fiscal year 1988. This is the same as the budget request and the House allowance.

The recommended amount is based on the following assumptions:

	1987	1988	Difference
Number of trainees:			
Education and training:			
Post-Korean conflict veterans and servicepersons.....	233,600	182,900	- 50,700
Dependents.....	48,400	43,300	- 5,100
All-Volunteer Force educational assistance:			
Veterans.....	800	19,400	+ 18,600
Reservists.....	87,800	123,600	+ 35,800
Special assistance to disabled veterans: Vocational rehabilitation.....	25,000	24,500	- 500
Total.....	395,600	393,700	- 1,900
Funds:			
Education and training:			
Post-Korean conflict veterans and servicepersons.....	\$503,500,000	\$385,170,000	-\$118,330,000
Dependents.....	112,649,000	100,822,000	- 11,827,000
All-Volunteer Force educational assistance:			
Veterans benefits.....	900,000	35,400,000	+ 34,500,000
Reservists benefits.....	75,287,000	105,957,000	+ 30,670,000
Special assistance to disabled veterans:			
Vocational rehabilitation.....	106,500,000	105,840,000	- 660,000
Housing grants.....	13,910,000	13,170,000	- 740,000
Automobiles and other conveyances.....	4,000,000	3,750,000	- 250,000
Adaptive equipment.....	11,695,000	11,648,000	- 47,000
Payment to contractors (debt collection).....	720,000	480,000	- 240,000
Unobligated balances and other adjustments.....	- 88,011,000	- 136,537,000	- 48,526,000
Total appropriation.....	741,150,000	625,700,000	- 115,450,000

VETERANS INSURANCE AND INDEMNITIES

1987 appropriation	\$4,770,000
1988 budget estimate	14,290,000
House allowance	14,290,000
Committee recommendation	14,290,000

PROGRAM DESCRIPTION

The veterans insurance and indemnities appropriation is made up of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; and Servicemen's indemnities, applicable to Korean conflict veterans. Legislation is being proposed funding the Veterans Mortgage Life Insurance Program within the veterans insurance and indemnities appropriation rather than the compensation and pensions appropriation. Enactment of this legislation proposal would not impact the operation of the mortgage insurance program.

COMMITTEE RECOMMENDATION

The Committee recommends \$14,290,000 for veterans insurance and indemnities in fiscal year 1988. This is the same amount as the budget estimate and the House allowance. This will cover the cost to various insurance funds for claims traceable to the extra hazards of service and death claims on policies under waiver of premiums while the insured is on active duty.

MEDICAL CARE

1987 appropriation	\$9,712,808,000
1988 budget estimate	9,907,850,000
House allowance	10,320,808,000
Committee recommendation	10,080,000,000

PROGRAM DESCRIPTION

The Veterans Administration [VA] operates the largest Federal medical care delivery system in the country, with 172 hospitals, 16 domiciliarys, 120 nursing homes, and 230 outpatient clinics. It is estimated that the VA medical care system will treat over 1.4 million patients in fiscal year 1988 and that approximately 20.8 million outpatient medical and dental visits will be made to VA and community health care facilities.

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliary, and outpatient clinic facilities; contract hospitals; State home facilities, on a grant basis; contract community nursing homes; and through the hometown outpatient program on a fee basis. Hospital and outpatient care also is provided for certain dependents and survivors of veterans under the Civilian Health and Medical Program of the VA [CHAMPVA]. The medical care appropriation also provides for training of medical residents and other personnel in health science fields to support the agency's and the Nation's health manpower demands.

COMMITTEE RECOMMENDATION

The Committee recommends \$10,080,000,000 for the "Medical care" account. This is \$172,150,000 more than the budget estimate, \$367,192,000 above the fiscal year 1987 appropriation, and \$240,808,000 less than the House allowance.

The Committee concurs with the House in recommending an increase of \$169,700,000 above the budget request to maintain the current staffing level of 194,140. The additional resources will provide treatment for an estimated 33,000 inpatients and 463,000 outpatients above the 1,313,701 inpatients and 18,765,000 outpatients that would be supported with the funds requested in the budget. The Committee agrees with the House that hospital staffing should not be reduced, particularly in view of the growing demand for VA medical care on the part of aging veterans. Funds also have been provided for additional personnel to meet readjustment counseling needs and other problems addressed under this heading.

The Committee recommends the deletion of the following House additions to the budget request: \$5,000,000 for tuition assistance payments for nursing and other associated health care occupations; \$4,000,000 for startup costs of six satellite outpatient clinics; \$134,500,000 for the anticipated 3-percent pay increase in 1988; and \$40,000,000 for special pay rates for nurses and other scarce medical specialties.

The Committee shares the House's concern over the large amount of resources required each year to operate the agency's satellite outpatient clinics. For example, the cost of operating the existing 47 satellite outpatient clinics reached an estimated \$140,000,000 in 1986. The Committee notes that the agency is currently in the process of establishing two additional satellite outpatient clinics and that funds are included in the budget request for five new facilities. The Committee concurs with the House that the VA should not establish any additional clinics above those included in the 1988 bill without a specific budget request.

The Committee does not concur with language included in the House bill limiting the number of administrative and engineering support staffing.

The Committee concurs with the House directive that the VA delay obligating any 1988 funds for its decentralized hospital computer program pending completion of an ongoing review by the Office of Technology Assessment.

The Committee also concurs with the House in recommending the deletion of bill language extending for 2 years funds appropriated for central procurement contracts regarding ADP equipment, the decentralized hospital computer program, and the integrated hospital computer system.

Section 2 of Public Law 100-6 authorized the VA to provide contract community-based residential care to certain veterans suffering from chronic mental illness [CMI] disabilities and transferred \$5,000,000 to the agency for use in carrying out that authority in fiscal year 1987. The VA, in accordance with overall congressional intent, has directed the

\$5,000,000 entirely to services for homeless veterans with CMI disabilities and, in that regard, has established contracts with 43 community-based organizations to furnish care to eligible veterans.

It was the agency's projection that, through these contracts, it would be possible to utilize the full \$5,000,000 in fiscal year 1987. However, because of delays experienced in initiating these contracts and other startup problems related to the exercise of this new authority, the VA will be able to expend only about half of the \$5,000,000 in fiscal year 1987. In order to allow this effort to continue, the Committee has included a provision in the bill making any unobligated balance of the \$5,000,000 available throughout fiscal year 1988.

The Committee is concerned over reports that VA medical centers treating AIDS patients are being furnished inadequate resources. While the agency's resource allocation methodology [RAM] presently provides funding of approximately \$8,000 per AIDS patient, it costs VA facilities an estimated \$24,000 per year to treat such a patient. This amount does not include the cost—approximately \$9,000 per patient per year—of azidothymidine [AZT], the only drug presently approved for AIDS, which is being used to treat approximately 500 VA AIDS patients. The Committee understands that the agency has treated more than 2,000 persons with AIDS since 1981 and expects to treat an estimated 1,300 in the current fiscal year and 1,900 in fiscal year 1988. The Committee is aware, moreover, that the Centers for Disease Control recently expanded the definition of AIDS which should have a significant impact on the number of veterans treated in the future. The Committee strongly urges the agency in its 1989 budget request to take into account fully the additional costs of treating veterans suffering from AIDS and AIDS-related complex, particularly the cost of AZT treatment.

The Committee is concerned about the lack of inpatient psychiatric services at the VA Medical Center in Huntington, WV. There is an increasing need for such services by World War II, Korean conflict, and Vietnam-era veterans in the primary service areas of the hospital. Most veterans requiring hospitalization for even mild to moderate psychiatric illness are referred to the VA Medical Center [VAMC], Salem, VA (232 miles from Huntington) and the VAMC Chillicothe, OH (97 miles from Huntington). The Committee is aware that the VA has approved funding for a clinical addition to the VAMC at Huntington, WV, pending congressional appropriations this year. However, it is anticipated that beds for psychiatric care in that new facility will not be available until 1992, despite an anticipated groundbreaking for the clinical addition in 1988.

The Committee, however, believes that the Huntington VA Medical Center, in conjunction with the Department of Psychiatry at the Marshall University School of Medicine, is capable of actualizing a psychiatric inpatient bed service now to serve mild-to-moderately ill psychiatric patients. The Committee, therefore, urges that the Veterans Administration proceed toward working with the university in providing support which would allow the VAMC Huntington to provide urgently

needed bed services for mild-to-moderately ill psychiatric patients by January 1, 1988.

The Committee notes the continuing acute staffing deficiencies at the Huntington VA Medical Center and urges the agency to remedy this problem at the earliest possible date.

The Committee also directs the agency, within available resources, to provide for six FTE's and related costs for an additional readjustment counseling center and satellite center in West Virginia.

The Committee notes the need for an outpatient satellite clinic in New Jersey, and directs the VA to move forward without delay with its announced plans to lease space for the clinic.

The Committee commends the VA for its decision to lease the clinic, and urges the agency to keep pace with the progress schedule it has provided to the Committee. That schedule requires that construction begin no later than September 1988, and be completed by June 1989, with the clinic open for business by August 1989.

The Committee notes that the VA is preparing to implement a jointly funded magnetoencephalography [MEG] project at the Albuquerque, NM, VA Medical Center. The Committee is pleased that progress on this venture is being made and urges the VA to finalize the proposal with the non-VA participants in a mutually satisfactory manner and to proceed to implement the project without further delay.

The Committee notes the VA's plan to activate a satellite outpatient clinic at Lawton, OK, in 1990 and directs the agency to expedite this activation in 1988.

The Committee continues to be concerned about the adequacy of the health care services provided for Hawaii's veterans, especially those residing on the neighbor islands. Hawaii has approximately 110,000 veterans, the highest ratio per capita of any State in the Union. However, Hawaii receives less VA health moneys than any other State, ranking near bottom in VA medical spending per veteran. The Hawaii Veterans' Health Care Task Force, appointed by the VA's Chief Medical Director in May 1987 to review the health care needs of veterans in Hawaii and make recommendations on the proper course of action, submitted its report in June 1987. It proposed the construction of a new 165-bed VA medical center on the island of Oahu, and the Senate Veterans' Affairs Committee has endorsed this recommendation. The task force arrived at this conclusion after reviewing several other options for meeting the long-term inpatient needs of veterans living in the State. Given the short length of time before the fiscal year 1989 budget is due to be proposed, the Committee directs the VA to give the task force recommendations expeditious review and to give special consideration to the need for this facility and for planning and site acquisition funds in connection with formulating the administration's fiscal year 1989 budget.

The Committee notes the recommendation in the report for 12 FTE's to be added for readjustment counseling services [RCS] for Vietnam-era veterans on Hawaii's neighbor islands and directs the VA, with the increased resources made available under this account to assign these

additional personnel next year to Hawaii for this purpose. The agency is further directed to report to the Committee by December 15, 1987, on its plans with respect to each of the short-, intermediate-, and long-term recommendations of the task force.

MEDICAL AND PROSTHETIC RESEARCH

1987 appropriation	\$192,798,000
1988 budget estimate	197,936,000
House allowance	208,766,000
Committee recommendation	200,936,000

PROGRAM DESCRIPTION

The appropriation recommended by the Committee provides funds for the conduct of the VA's Medical Research Program and for a Rehabilitation Research Program focusing on rehabilitation engineering problems in the field of prosthetics, orthotics, adaptive equipment for vehicles, sensory aids and related areas. The "Medical and prosthetic research" account also provides support for a Health Services Research Program at VA medical centers for improving the effectiveness and economy of delivery of health services and improving the accessibility of services to veterans.

COMMITTEE RECOMMENDATION

The Committee recommends \$200,936,000 for medical and prosthetic research. This is \$3,000,000 above the budget estimate and \$7,830,000 below the House allowance.

The Committee recommends deletion of the House addition to the budget request for this account with the exception of \$3,000,000 for prosthetics and other rehabilitation research. The amount of funding recommended by the Committee will support an average employment of 4,467, an increase of 50 above the budget request.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1987 appropriation	\$41,769,000
1988 budget estimate	49,613,000
House allowance	49,848,000
Committee recommendation	49,613,000

PROGRAM DESCRIPTION

This appropriation provides funds for: (1) central office executive direction (Chief Medical Director and staff), administration and supervision of all VA medical programs, including development and implementation of policies, plans and program objectives as well as followup action to insure the accomplishment of goals; (2) Postgraduate and In-service Training Program in support of continuing education for employees of various medical programs, including costs of tuition, travel, lecturer's fees, and training materials, and equipment was transferred to the "Medical care" appropriation and the Medical Administration for

continuing education needs of the central office staff in the 1987 appropriation; and (3) grants under the Health Professional Scholarships Grant Program for eligible students in nursing degree programs.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$49,613,000 for medical administration and miscellaneous operating expenses in fiscal year 1988. This is \$7,844,000 above current level, \$235,000 less than the House allowance, and will support an average employment of up to 595.

The Committee concurs with the House increase of \$1,000,000 in health professional scholarships (and makes the \$5,000,000 for this purpose available also for a tuition reimbursement program, if authorized) to be offset by a corresponding reduction from the \$43,848,000 requested for medical administration.

GENERAL OPERATING EXPENSES

1987 appropriation	\$770,500.000
1988 budget estimate	811,394.000
House allowance	811,100.000
Committee recommendation	804,829.000

PROGRAM DESCRIPTION

This appropriation provides for the administration of nonmedical veterans benefits through the Department of Veterans Benefits; the operation and maintenance of 112 national cemeteries by the Department of Memorial Affairs; and top management direction and support through agency-level staff offices including the Office of Information Systems and Telecommunications. Specifically, general operating expenses cover the following activities:

Veterans benefits.—This activity determines eligibility and adjudicates all claims for compensation, pensions, educational assistance, housing loan assistance, and insurance awards.

Memorial affairs.—This activity provides for the interment of eligible deceased servicepersons, discharged veterans, and dependents in national cemeteries and procures headstones and markers for graves of eligible active duty personnel as well as discharged veterans.

General administration.—This activity includes the executive direction of the agency and several top level supporting offices, plus the activities of the Board of Veterans Appeals, which decides all cases of appeals to the Administrator on claims involving benefits under veterans legislation, and the Board of Contract Appeals, which decides appeals on the contracts made by the VA.

COMMITTEE RECOMMENDATION

The Committee recommends \$804,829,000 for general operating expenses in fiscal year 1988. This amount is \$6,565,000 below the budget request and \$6,271,000 below the House allowance.

The Committee concurs with the House deletions of \$8,935,000 requested for the replacement files system at the Records Processing Center and \$5,678,000 from the \$217,072,000 requested for general administration in 1988. As pointed out by the House, the recommended decrease under general administration is to be applied at the VA's discretion to offices other than the inspector general, the Board of Veterans Appeals, and the Board of Contract Appeals. The VA is to allocate any staffing decrease to the central office only.

The Committee also concurs with the House reduction of \$1,652,000 representing costs saved by not closing the St. Paul insurance office in 1988. While the Committee acknowledges that consolidation of the agency's life insurance operations represents a prudent management decision and would result in long-term savings in personnel costs, the General Accounting Office [GAO] questions the validity of VA's estimated savings in personnel costs and office space costs. In a cost-benefit analysis issued last September, GAO reported that the agency estimated salary savings based on lower-paid, less-experienced employees without recognizing that such employees produce less and that as their productivity increases, so will their salaries. The Committee is very reluctant to interject itself in the agency's management decisions; however, based on GAO's cost-benefit analysis of the planned consolidation, it cannot do otherwise. Because of this, the Committee concurs with language included in the House bill to prevent the consolidation in 1988.

The Committee concurs with the House addition of \$9,700,000 for 296 FTE's to maintain the 1987 staffing level of 12,915 for the Department of Veterans Benefits.

The Committee does not concur with the House additions of: \$2,000,000 for housing counseling assistance; \$2,150,000 for State approving agencies; \$2,000,000 for the Department of Memorial Affairs; \$215,000 for the Board of Veterans Appeals; and \$200,000 for the Office of Inspector General.

The Committee does not concur with language included in the House bill earmarking funds and personnel levels for the Department of Veterans Benefits, the Department of Memorial Affairs, and general administration.

The Committee concurs with the House recommendation and budget request that \$26,700,000 for ADP modernization in 1988 be made available for 2 years.

The Committee is concerned over the availability of information to veterans regarding Federal benefits and directs the agency to determine the need, feasibility, and cost of a veterans' hotline that would provide toll-free information and benefits counseling to veterans. In preparing this data, the VA should estimate how such a service would reduce the administrative burdens and costs at VA offices around the Nation. As part of its report to the Committee, the VA should also provide information on how such a hotline could be used to assist emergency medical service and crisis intervention personnel to obtain medical informa-

tion about individual veterans in the event of an emergency. This portion of the report should include recommendations about how best to insure strict confidentiality on the availability of this information. Finally, the VA is to review the possibility of beginning such a program, including on a trial basis in certain portions of the country, in preparing its fiscal year 1989 budget request. This report should be submitted to the Committee by January 15, 1988.

CONSTRUCTION, MAJOR PROJECTS

1987 appropriation	\$382,708,000
1988 budget estimate	400,556,000
House allowance	406,921,000
Committee recommendation	413,951,000

PROGRAM DESCRIPTION

The construction, major projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition where the estimated cost of a project is \$2,000,000 or more.

Emphasis is placed on correction of life/safety code deficiencies in existing VA medical facilities. Funds again are requested for the Design Fund which would provide working drawings for projects planned for the following budget year.

COMMITTEE RECOMMENDATION

The Committee recommends \$413,951,000 for major construction projects. This amount is \$13,395,000 above the budget request and \$7,030,000 over the House allowance.

The Committee recommends concurrence with the budget request for major construction projects along with the following additions: \$225,000 in the advance planning fund for an environmental impact statement for a new cemetery in the Phoenix/Tucson area, and \$12,500,000 to fund the central air-conditioning project planned by the agency at a later date. The Committee's decision to accelerate this project is based on its concern over severe temperature fluctuations which the Madison facility has experienced and its effect on patient care and surgical facilities.

The Committee concurs with the House addition of \$670,000 for the design of a 120-bed nursing home care unit at the Tampa, FL, VA Medical Center.

The following table compares the Committee's recommendation with the House and budget request:

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1988

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS			
Replacement and modernization:			
Atlanta, GA, clinical addition parking garage	\$6,800,000	\$6,800,000	\$6,800,000
Dayton, OH, bed replacement and modernization	74,100,000	74,100,000	74,100,000
North Chicago, IL, environmental improvements, patient and nursing home care buildings	83,800,000	83,800,000	83,800,000
Palm Beach, FL, new medical center	13,000,000	13,000,000	13,000,000
Pittsburgh (Aspinwall Division), PA, replacement medical center	5,700,000	5,700,000	5,700,000
San Francisco, CA, remodel buildings 2, 4, 200 for new functions	6,700,000	6,700,000	6,700,000
Subtotal	190,100,000	190,100,000	190,100,000
Domiciliary: Prescott, AZ, replace domiciliary	11,100,000	11,100,000	11,100,000
Outpatient improvements: Montgomery, AL, outpatient and ward renovations	26,600,000	26,600,000	26,600,000
Other improvements:			
Advance planning fund:			
Ann Arbor, MI, clinical/outpatient addition renovations		1,000,000	
Saginaw, MI, 120-bed nursing home care unit		200,000	
Various stations	18,500,000	18,500,000	18,500,000
Subtotal	18,500,000	19,700,000	18,500,000
Asbestos abatement: Various stations	25,000,000	25,000,000	25,000,000
Clinical improvements:			
Huntington, WV, clinical improvement addition	43,400,000	43,400,000	43,400,000
Jackson, MS, clinical addition	38,000,000	38,000,000	38,000,000
Subtotal	81,400,000	81,400,000	81,400,000
Design fund:			
Mountain Home, TN, 120-bed nursing home care unit		785,000	
Nashville, TN, clinical improvements and patient privacy		2,710,000	
Tampa, FL, 120-bed nursing home care unit		670,000	670,000
Wilkes-Barre, PA, 60-bed nursing home unit		330,000	
Various stations	14,200,000	14,200,000	14,200,000
Subtotal	14,200,000	18,695,000	14,870,000
Fire and safety improvements:			
Indianapolis, IN, fire and safety improvements	3,356,000	3,356,000	3,356,000
Livermore, CA, fire and safety improvements; additional service elevator; expand ambulatory care; and heating, ventilation, and air-conditioning	9,500,000	9,500,000	9,500,000
Waco, TX, renovate buildings 91 and 92	14,500,000	14,500,000	14,500,000
Subtotal	27,356,000	27,356,000	27,356,000

CONSTRUCTION MAJOR PROJECTS, FISCAL YEAR 1988—Continued

Facility type and location	Administration request	House recommendation	Senate recommendation
A. MEDICAL PROJECTS—Continued			
General projects: Madison, WI, heating ventilation, air-conditioning			\$12,500,000
B. REGIONAL OFFICE PROGRAM			
Regional office projects:			
Advance planning fund:			
Various stations	\$500,000	\$500,000	500,000
Wichita, KS, relocate regional office to hospital grounds	5,400,000	5,400,000	5,400,000
Subtotal	5,900,000	5,900,000	5,900,000
C. NATIONAL CEMETERY PROGRAM			
National cemetery projects:			
Advance planning fund:			
Chicago area		220,000	
Cleveland area		250,000	
Seattle-Tacoma area		200,000	
Tucson/Phoenix, environmental impact statement			225,000
Various stations	100,000	100,000	100,000
Subtotal	100,000	770,000	325,000
Design fund: Various stations	1,200,000	1,200,000	1,200,000
Northern California, initial gravesite development, administration and service building and additional facilities	11,500,000	11,500,000	11,500,000
Total, national cemetery projects	12,800,000	13,470,000	13,025,000
Subtotal, major construction program	412,986,000	419,321,000	426,351,000
Less: Fiscal year 1987 design fund ¹	-12,400,000	-12,400,000	-12,400,000
Total, major construction appropriation	400,586,000	406,921,000	413,951,000

¹This amount represents all technical services funded from the design fund that are included in the individual project's total estimated costs.

The Committee recommends bill language authorizing the agency to use \$2,500,000 of the unobligated balances in this account for settlement of a contractor's claim arising from the construction of a replacement hospital and research building at the VA medical center in Bronx, NY. The VA has informed the Committee that these funds are necessary to settle this claim.

The budget request includes \$10,000,000 in the advance planning fund [APF] to be used for facility development plans [FDP's] for VA medical centers. Development of FDP's was one of the major recommendations of Booz Allen & Hamilton, Inc., in its 1985 review of the VA's construction process. An FDP is a comprehensive, three-stage master plan—problem definition, strategy development, and FDP preparation—for the physical development of a VA medical center over a specific long-range planning horizon (currently the year 2000). In fiscal year 1987, the VA entered into contracts for four pilot FDP's at four

VA medical centers and expects the first stage of all four to be completed this fall and the final FDP's to be completed early next year. The VA has planned to obligate \$10,000,000 in fiscal year 1987 APF funds to enter into contracts for an additional 38 FDP's (2 were to be done in-house) as soon as stage 1 of these 4 FDP's is completed and the contractors' informal comments on the FDP process through that stage are received and taken into account, and then proceed with another 40 FDP's next year using the fiscal year 1988 APF funds. The Committee does not agree with the VA's plan to move ahead so rapidly on this \$50,000,000 program until the format and process for the FDP's is fully and independently evaluated and validated. Rather, the Committee directs the VA not to enter into any further contracts for FDP's (or proceed with in-house development of any FDP's) until it has received and transmitted to the Committee the results of an independent evaluation which validates the FDP format and development process, specifically (1) the overall efficacy and adequacy of the FDP format and development process through stage 1, and (2) the appropriateness of proceeding with additional FDP's through stage 1 before all three phases of the pilot FDP's have been completed, are independently and fully evaluated, and have been validated. Such independent evaluation should thereafter assess the completed four FDP's next year.

The Committee is concerned with the clinical addition and alteration project for the Beckley Medical Center, and the laundry replacement project for the Martinsburg Medical Center. These West Virginia projects have been included in the VA's 5-year plan and discussed in hearings before the Committee. The Committee expects the VA to accelerate these projects and incorporate them into the earliest possible President's budget request.

The Committee is also concerned about delays in funding for completion of the final working drawings for additions and renovations at the Dallas, TX, Veterans Administration Medical Center. The need for this project has not subsided since the first request to alleviate the cramped conditions at the Dallas VAMC was made in November 1972. Despite this, planning was not commenced until 1983 and, although \$3,500,000 has already been spent on the development of the concept and preparation of the preliminary plans, funding for completion of the final working drawings has been delayed for the last 3 fiscal years. The Committee recognizes the importance of this project, and therefore, urges the VA to include funding for completion of the final working drawings for this project in its fiscal year 1989 budget request.

CONSTRUCTION, MINOR PROJECTS

1987 appropriation	\$80,000,000
1988 budget estimate	120,773,000
House allowance	121,038,000
Committee recommendation	120,773,000

PROGRAM DESCRIPTION

The construction, minor projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$2,000,000, and expenses of the Office of Facilities. Emphasis is placed on correction of code deficiencies in this appropriation request. The recommendation includes funding for personnel and other expenses of the Office of Facilities.

COMMITTEE RECOMMENDATION

The Committee recommends \$120,773,000 for this account. This concurs with the amended budget request and is \$265,000 below the House allowance.

PARKING GARAGE REVOLVING FUND

1987 appropriation	\$26,000,000
1988 budget estimate	4,100,000
House allowance	4,100,000
Committee recommendation	4,100,000

PROGRAM DESCRIPTION

The revolving fund provides funds for the construction, alteration, and acquisition (by purchase or lease) of parking garages at VA medical facilities authorized by 38 U.S.C. 5009.

The Administrator is required under certain circumstances to establish and collect fees for the use of such garages and parking facilities. Receipts from the parking fees are to be deposited in the revolving fund and would be used to fund future parking garage initiatives.

COMMITTEE RECOMMENDATION

The Committee concurs with the budget request and House allowance for the parking garage revolving fund.

The Committee also recommends the addition of bill language which would eliminate the use of the revolving fund for operations and maintenance costs. These costs are presently funded in the "Medical care" account.

The Committee understands that the VA is in the process of considering bids on a parking garage for the San Francisco medical center. Two options are being considered; two elevated levels plus ground level, and four elevated levels plus ground level. The Committee recognizes the value of the four-story approach in view of the lack of a satisfactory long-term solution to the parking shortage. The Committee urges the VA to continue to pursue the feasibility of a four-story garage and stands ready to act expeditiously to implement any reasonable solution to the problem.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1987 appropriation	\$42,400,000
1988 budget estimate	42,000,000
House allowance	42,000,000
Committee recommendation	42,000,000

PROGRAM DESCRIPTION

This account is used to provide grants to assist States in acquiring or constructing State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes. The grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year.

As of September 30, 1986, Federal funds in excess of \$210,754,000 have been obligated to help finance 183 projects in 33 States.

COMMITTEE RECOMMENDATION

The Committee recommends the budget request of \$42,000,000 for grants for construction of State extended care facilities in fiscal year 1988. This amount is the same as the budget request and the House allowance. These funds will provide for five projects, which will produce 371 additional nursing home and 450 domiciliary beds, as well as 12 nonbed-producing renovation projects in seven States.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1987 appropriation	\$500,000
1988 budget estimate	500,000
House allowance	500,000
Committee recommendation	500,000

PROGRAM DESCRIPTION

Public Law 99-576, enacted to assure the continued effective care and treatment of U.S. veterans at the Veterans Memorial Medical Center [VMMC], provides for an annual grant of \$500,000 through 1989. The grant is for the replacement and upgrading of equipment and the rehabilitation of the VMMC's physical plant and facilities.

COMMITTEE RECOMMENDATION

The Committee recommends the budget estimate of \$500,000 for grants to the Republic of the Philippines. This is the same level approved in the House allowance. This grant will assure the continued effective care and treatment of veterans at the medical center.

DIRECT LOAN REVOLVING FUND

(LIMITATION ON DIRECT LOANS)

The revenues and receipts from direct loan operations make funds available for the extension of credit to severely disabled veterans for specially adapted housing and for current expenses, excluding administrative expenses. Such funds also provide a source of financing to the Loan Guaranty Program through transfers to the Loan Guaranty Revolving Fund. In 1988, six direct loans in the amount of \$191,000 are expected to be closed.

The VA requests a \$1,000,000 limitation for specially adapted housing direct loans in 1988. The Committee recommends the requested \$1,000,000 limitation.

LOAN GUARANTY REVOLVING FUND

1987 appropriation	\$100,000,000
1988 budget estimate	389,800,000
House allowance	389,800,000
Committee recommendation	389,800,000

PROGRAM DESCRIPTION

The loan guaranty revolving fund finances all operations of the loan guaranty program, except administrative expenses. The purpose of the VA home loan guaranty program is to facilitate the extension of mortgage credit on favorable terms by private lenders to eligible veterans. Prior to 1985, financing needs were provided by transfer from the direct loan revolving fund. The recent high rate of default has necessitated direct appropriations.

The Committee concurs with the budget request and House recommendation.

ADMINISTRATIVE PROVISION

The Committee recommends an administrative provision which permits the expenditure of fiscal year 1988 funds, under limited circumstances, from four entitlement accounts for obligations mandated by law in fiscal year 1987. The Committee recognizes that in prior years it has been difficult for the VA to estimate the specific amount of funds that will be required to be expended for programs funded by the "Compensation and pensions," "Readjustment benefits," "Veterans insurance and indemnities," and the "Loan guaranty revolving fund" accounts. These programs are affected by changes in economic conditions and other factors. When budgetary resources prove to be below program needs, the VA has relied on supplemental appropriations, on the 5-percent transfer of funds authority between the "Compensation and pensions," "Readjustment benefits" and the "Veterans insurance and indemnities" accounts contained in the VA's administrative provisions section, and on its policy of processing but not recording and paying claims in these programs until the next fiscal year when new appropriations become

available. This practice has allowed these programs to continue to pay monetary benefits without interruption.

Recently, a decision of the Comptroller General and a General Accounting Office [GAO] report held that the Antideficiency Act's prohibition on incurring obligations in excess of available budgetary resources is not applicable to the recording of entitlement program obligations authorized by or mandated by law, and that subsequent fiscal year appropriations may not be expended to liquidate these prior-year obligations. In a recent report which reviewed VA financial statements, the GAO questioned the VA's decision not to record as fiscal year 1986 obligations \$20,000,000 in compensation and pension entitlements which arose between September 11 and 30, 1986, because of insufficient funds in the fiscal year 1987 compensation and pensions appropriation. GAO also questioned paying these fiscal year 1986 obligations from the fiscal year 1987 compensation and pensions appropriation which provided \$14,444,600,000 in new fiscal year funding.

While the Committee believes that supplemental or emergency appropriations should be relied on by the VA to fund entitlement programs for the entire fiscal year, the Committee recognizes that sufficient funding may not always be available (as was the case in September 1986) which could result in the interruption of monetary payments in these programs while supplemental or emergency appropriations are being considered. The new provision would allow prior-year entitlement obligations recorded within the last quarter of the fiscal year 1987 to be paid with fiscal year 1988 appropriations.

TITLE III
CORPORATIONS

FEDERAL HOME LOAN BANK BOARD

LIMITATION ON EXPENSES

1987 limitation	\$28,093,000
1988 budget estimate	30,013,000
House allowance	30,486,000
Committee recommendation	30,313,000

PROGRAM DESCRIPTION

The Federal Home Loan Bank Board formulates policies for and supervises the operation of the 12 Federal home loan banks, the system of Federal savings and loan associations and federally chartered savings banks, the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Mortgage Corporation. It is also responsible for the examination of Federal savings and loan associations, federally chartered savings banks and State-chartered institutions insured by the Federal Savings and Loan Insurance Corporation. The necessary expenses of the Federal Home Loan Bank Board are paid from assessments against the 12 Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$30,313,000 on necessary expenses of the Federal Home Loan Bank Board, an increase of \$300,000 over the level requested by the administration and \$173,000 less than the House allowance.

The Committee concurs with the House in providing an increase of \$300,000 over the budget estimate to maintain the current State examiner training budget of \$800,000. The Committee also agrees with House-approved bill language insuring that these funds are devoted exclusively to the training program.

The Committee is pleased to note that the Bank Board has taken steps to deal with abuses involving the travel of Board members and employees. All administrative expenses, including travel, are controlled by the statutory limitation in the bill and the Committee expects the Board to closely monitor costs incurred in the course of official travel to make sure they can properly be paid for with funds provided through the limitation.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

LIMITATION ON ADMINISTRATIVE EXPENSES

1987 limitation	\$1,466,000
1988 budget estimate	1,610,000
House allowance	1,619,000
Committee recommendation	1,610,000

PROGRAM DESCRIPTION

The Federal Savings and Loan Insurance Corporation is authorized under title IV of the National Housing Act to insure savings in all Federal savings and loan associations, certain federally chartered savings banks, and in State-chartered institutions of the savings and loan type which apply and qualify for insurance. This protection, which insures each saver in a member association against financial loss up to a statutory limit of \$100,000, may be provided either through the prevention of default or the payment of insurance to savings account holders in the event of liquidation. The Corporation is also authorized to make loans to institutions in financial difficulty. The Corporation functions under the direction of the Federal Home Loan Bank Board, which provides administrative services. The expenses of the Board and its staff offices are paid from assessments made on the Corporation and the Federal Home Loan Banks.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,610,000 for the limitation on the administrative expenses of the Federal Savings and Loan Insurance Corporation in fiscal year 1988. This is the same as the budget request and \$9,000 less than the House allowance.

TITLE IV—GENERAL PROVISIONS

The Committee concurs with all of the general provisions that were included in the House-passed HUD-Independent Agencies Appropriations Act with the following exceptions:

One, the Committee recommends modification of the limitation on the amounts that can be received by consultants. This modification increases the ceiling to the maximum rate paid to ES-6 employees (\$77,500) and extends the limitation to employees who are on assignment from colleges and universities. A more detailed discussion of this language can be found in the National Science Foundation portion of this report.

Two, the Committee recommends deletion of language prohibiting the demolition of certain public housing units in Dallas and Houston, TX. A more complete explanation can be found under the assisted housing section of this report.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE STANDING RULES OF THE SENATE

Paragraph 7 of rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill "which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

Appropriations recommended for the National Aeronautics and Space Administration's Mars observer and Magellan space science missions and the radon programs conducted by the Environmental Protection Agency exceed existing law or Senate-passed authorizations for these programs.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

With respect to this bill, it is the opinion of the Committee that no part of said bill, with the following exception, falls within the ambit of said rule:

Amendment to title I of the Housing and Community Development Act of 1974, as amended:

URBAN DEVELOPMENT ACTION GRANTS

SEC. 119(n)(1). For the purposes of this section, the term 'city' includes Guam, the Virgin Islands, and Indian tribes. Such term also includes the counties of Kuauai, Maui, and Hawaii in the State of Hawaii.

(2) The Secretary may not approve a grant to an Indian tribe under this section unless the tribe (A) is located on a reservation or in an Alaskan Native Village *or on former Indian reservation lands in Oklahoma*, and (B) is an eligible recipient under the State and Local Fiscal Assistance Act of 1972.

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a)
PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1988: Subcommittee on HUD Independent Agencies	57.90	57,187	59.58	59,112
Projections of outlays associated with budget authority recommended in the bill:				
1988				33,173
1989				10,548
1990				5,965
1991				1,724
1992 and future year				5,607
Financial assistance to State and local governments for 1988 in the bill		15,347		1,356
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1988	1.78	1,797	88.75	88,738

¹Includes outlays from prior year budget authority, adjusted to conform with Committee estimates in allocations.

²Excludes outlays from prior year budget authority.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988**

[Amounts in dollars]

Senate committee recommendation compared with (+ or -)							
Item (1)	1987 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	1987 appropriation (6)	Budget estimate (7)	House allowance (8)
TITLE I							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
HOUSING PROGRAMS							
Annual contributions for assisted housing:							
(Increased limitation for annual contract authority).....	(601,259,278)	---	---	---	(-601,259,278)	---	---
Budget authority.....	7,840,668,000	3,994,899,313	7,924,100,000	7,523,250,000	-317,418,000	+3,528,360,687	-400,850,000
Rescission of assisted housing obligations (budget authority, indefinite).....	-199,100,000	-347,800,000	-204,700,000	-204,700,000	-5,600,000	+143,100,000	---
(Rescission of assisted housing obligations annual contract authority, indefinite).....	(-17,225,000)	---	---	---	(+12,225,000)	---	---
Total, annual contributions for assisted housing:							
(Increased limitation for annual contract authority (net)).....	(589,034,278)	---	---	---	(-589,034,278)	---	---
Budget authority (net).....	7,641,568,000	3,647,089,313	7,719,400,000	7,318,550,000	-323,018,000	+3,671,460,687	-400,850,000
Rent supplement:							
Rescission of budget authority, indefinite.....	-389,340,000	---	---	---	+389,340,000	---	---
(Limitation on annual contract authority, indefinite).....	(-17,320,000)	---	---	---	(+17,320,000)	---	---
Rental housing assistance:							
Rescission of budget authority, indefinite.....	-126,873,000	-52,000,000	-52,000,000	-52,000,000	+74,873,000	---	---

(Limitation on annual contract authority, indefinite).....	(-6,199,000)	(-2,000,000)	(-2,000,000)	(-2,000,000)	(44,199,000)	---	---
Housing for the elderly or handicapped fund:							
Authority to borrow, indefinite.....	507,689,000	---	545,900,000	592,800,000	+85,111,000	+597,800,000	+42,900,000
(Limitation on direct loans).....	(592,661,000)	(131,474,000)	(559,900,000)	(602,800,000)	(+10,139,000)	(+471,326,000)	(+42,900,000)
Condensate services.....	3,400,000	---	4,400,000	7,000,000	+3,600,000	+7,000,000	+2,600,000
Payments for operation of low-income housing projects,	1,350,000,000	1,376,862,000	1,465,000,000	1,515,000,000	+165,000,000	+139,139,000	+50,000,000
Housing counseling assistance.....	3,500,000	---	3,500,000	3,500,000	---	+3,500,000	---
Shelter Programs:							
Emergency shelter grants program.....	60,000,000	---	---	---	-60,000,000	---	---
Transitional housing demonstration program.....	85,000,000	5,000,000	---	---	-85,000,000	-5,000,000	---
Supplemental assistance grants.....	15,000,000	---	---	---	-15,000,000	---	---
Federal Housing Administration Fund:							
Portion applied to debt reduction.....	272,995,000	169,652,000	169,652,000	169,652,000	-103,303,000	---	---
(Limitation on guaranteed loans).....	-245,915,000	-118,750,000	-118,250,000	-118,250,000	+127,665,000	---	---
Temporary mortgage assistance payments	(100,000,000,000)	(70,000,000,000)	(100,000,000,000)	(100,000,000,000)	---	(+30,000,000,000)	---
(Limitation on direct loans).....	(73,800,000)	(82,575,000)	(82,575,000)	(82,575,000)	(+8,775,000)	---	---
Total, Federal Housing Administration Fund.....	27,040,000	51,402,000	51,402,000	51,402,000	+24,362,000	---	---
Nonprofit sponsor assistance (limitation on direct loans).....	(1,000,000)	(250,000)	(1,000,000)	(1,000,000)	---	(+750,000)	---
Government National Mortgage Association							
Percent of participation sales insufficiencies.....	1,079,000	---	---	---	-1,079,000	---	---
Guarantees of mortgage-backed securities (limitation on guaranteed loans).....	(150,000,000,000)	(100,000,000,000)	(150,000,000,000)	(150,000,000,000)	---	(+50,000,000,000)	---
Total, Housing Programs.....	9,178,063,000	5,028,353,313	9,741,602,000	9,436,252,000	+258,189,000	+4,407,898,687	-305,350,000
SOLAR ENERGY AND ENERGY CONSERVATION BANK							
Assistance for solar and conservation improvements....	---	---	3,000,000	---	---	---	-3,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item (1)	1987 appropriation (2)	Budget estimate (3)	House allowance (4)	Senate committee recommendation compared with (+ or -)			
				Committee recom- mendation (5)	1987 appropriation (6)	Budget estimate (7)	House allowance (8)
COMMUNITY PLANNING AND DEVELOPMENT							
Community development grants.....	3,000,000,000	2,509,800,000	3,000,000,000	3,000,000,000	---	449,200,000	---
(Limitation on guaranteed loans).....	(150,000,000)	---	(150,000,000)	(150,000,000)	---	(415,000,000)	---
Urban development action grants.....	225,000,000	---	225,000,000	225,000,000	---	425,000,000	---
Urban homesteads.....	12,000,000	12,000,000	15,000,000	12,000,000	---	---	-3,000,000
Total, Community Planning and Development.....	3,237,000,000	2,571,800,000	3,240,000,000	3,237,000,000	---	415,200,000	-3,000,000
POLICY DEVELOPMENT AND RESEARCH							
Research and technology.....	17,000,000	18,900,000	17,000,000	17,000,000	---	-1,900,000	---
FAIR HOUSING AND EQUAL OPPORTUNITY							
Fair housing assistance.....	6,341,300	6,400,000	5,000,000	5,000,000	-1,341,300	-1,400,000	DEFER
Fair housing initiatives.....	---	(3,600,000)	---	---	DEFER	---	DEFER
MANAGEMENT AND ADMINISTRATION							
Salaries and expenses.....	340,423,000	308,819,000	340,769,000	330,907,000	-9,516,000	422,068,000	-9,862,000
(By transfer, limitation on FHA corporate funds),..	(306,962,000)	(338,719,000)	(358,132,000)	(158,132,000)	(451,170,000)	(119,413,000)	---
Total, title I, Department of Housing and Urban Development:							

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued**

[Amounts in dollars]

Item (1)	Senate committee recommendation compared with (+ or -)						
	1987 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	1987 appropriation (6)	Budget estimate (7)	House allowance (8)
ENVIRONMENTAL PROTECTION AGENCY							
Salaries and expenses.....	710,107,000	772,955,000	803,630,000	796,870,000	486,763,000	423,915,000	-6,760,000
(By transfer).....	(17,000,000)	---	---	---	(-17,000,000)	---	---
Research and development.....	202,500,000	187,600,000	199,100,000	193,600,000	-8,900,000	46,000,000	-5,500,000
Abatement, control, and compliance.....	582,685,000	515,085,000	672,085,000	672,470,000	489,785,000	4157,385,000	4385,000
(By transfer).....	(27,000,000)	---	---	---	(-27,000,000)	---	---
Buildings and facilities.....	7,500,000	6,000,000	7,500,000	18,200,000	410,700,000	412,200,000	410,700,000
Subtotal, operating programs.....	1,502,792,000	1,481,640,000	1,682,315,000	1,681,140,000	4178,348,000	4199,500,000	-1,175,000
Superfund Federal Payment.....	---	---	(250,000,000)	(250,000,000)	(4250,000,000)	(4250,000,000)	---
Hazardous substance superfund.....	1,411,300,000	1,198,422,000	1,181,000,000	1,179,472,000	-231,878,000	-19,000,000	-1,578,000
Rescission.....	-600,000,000	---	---	---	4600,000,000	---	---
(Limitation on administrative expenses).....	(135,000,000)	(190,000,000)	(190,000,000)	(190,000,000)	(455,000,000)	---	---
Leaking underground storage tank trust fund.....	50,000,000	---	10,000,000	15,000,000	-35,000,000	415,000,000	45,000,000
(Limitation on administrative expenses).....	(7,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(-2,000,000)	---	---
Construction grants.....	1,800,000,000	2,000,000,000	2,400,000,000	2,400,000,000	4600,000,000	4400,000,000	---
(Release of prior year authority).....	(600,000,000)	---	---	---	(-600,000,000)	---	---
Subtotal, construction grants.....	(2,400,000,000)	(2,000,000,000)	(2,400,000,000)	(2,400,000,000)	---	(4400,000,000)	---
Total, Environmental Protection Agency (net)....	4,164,092,000	4,680,062,000	5,273,315,000	5,275,562,000	41,111,470,000	4595,500,000	42,247,000

EXECUTIVE OFFICE OF THE PRESIDENT

Council on Environmental Quality and Office of Environmental Quality.....	803,000	862,000	860,000	+57,000	-2,000	-2,000
Office of Science and Technology Policy.....	1,923,000	1,987,000	1,967,000	+44,000	-20,000	-31,000
Total, Executive Office of the President.....	2,726,000	2,849,000	2,827,000	+101,000	-22,000	-33,000
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Disaster relief.....	177,475,000	125,000,000	125,000,000	-52,475,000		
Salaries and expenses.....	124,000,000	131,084,000	126,544,000	+2,544,000	-4,540,000	-5,000,000
Emergency management planning and assistance.....	262,000,000	296,850,000	276,850,000	+14,850,000	-20,000,000	-15,000,000
Emergency food and shelter program.....	80,000,000	80,000,000	125,000,000	+45,000,000	+45,000,000	-25,000,000
Total, Federal Emergency Management Agency.....	643,475,000	632,934,000	653,394,000	+9,919,000	+20,460,000	-45,000,000
GENERAL SERVICES ADMINISTRATION						
Consumer Information Center.....	1,286,000	1,339,000	1,332,000	+46,000	-7,000	-7,000
(Limitation on administrative expenses).....	(1,678,000)	(1,721,000)	(1,721,000)	(+43,000)		
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Office of Consumer Affairs.....	1,768,000	1,119,000	1,740,000	-28,000	+6,100	-10,000
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
Research and development.....	3,127,700,000	3,651,200,000	3,378,063,000	+250,363,000	-273,137,000	-283,137,000
Space flight, control and data communications.....	5,715,000,000	4,064,300,000	3,978,300,000	-1,736,700,000	-86,000,000	-22,000,000
Construction of facilities.....	469,300,000	195,500,000	185,700,000	-283,600,000	-9,800,000	+16,000,000
Research and program management.....	1,425,000,000	1,589,195,000	1,558,000,000	+133,000,000	-31,195,000	
(By transfer).....	(35,500,000)			(-35,500,000)		
Total, National Aeronautics and Space Administration.....	10,737,000,000	9,500,195,000	9,100,063,000	-1,636,937,000	-400,132,000	-289,137,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued**

[Amounts in dollars]

Senate committee recommendation compared with (+ or -)							
item (1)	1987 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	1987 appropriation (6)	Budget estimate (7)	House allowance (8)
NATIONAL CREDIT UNION ADMINISTRATION							
Central liquidity facility:							
(Limitation on direct loans).....	(600,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	---	---	---
(Limitation on administrative expenses, corporate funds).....	(850,000)	(847,000)	(847,000)	(847,000)	(-3,000)	---	---
NATIONAL SCIENCE FOUNDATION							
Research and related activities.....	1,406,150,000	1,634,487,000	1,505,000,000	1,634,487,000	+228,337,000	---	+129,487,000
Program development and management (limitation on administrative expenses).....	(77,800,000)	(94,487,000)	(88,000,000)	(88,000,000)	(+10,200,000)	(-6,487,000)	---
United States Antarctic Program activities.....	17,000,000	143,000,000	143,000,000	117,000,000	---	-26,000,000	-26,000,000
Science education activities.....	99,000,000	115,000,000	145,000,000	115,000,000	+16,000,000	---	-30,000,000
Scientific activities overseas (special foreign currency program).....	700,000	---	---	---	-700,000	---	---
Total, National Science Foundation.....	1,622,850,000	1,892,487,000	1,793,000,000	1,866,487,000	+243,637,000	-26,000,000	+73,487,000
NEIGHBORHOOD REINVESTMENT CORPORATION							
Payment to the Neighborhood Reinvestment Corporation.....	19,000,000	18,669,000	19,500,000	19,500,000	+500,000	+831,000	---

SELECTIVE SERVICE SYSTEM

Salaries and expenses.....	26,128,400	26,520,000	26,520,000	+391,600	---
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DEPARTMENT OF THE TREASURY

Office of Revenue Sharing, salaries and expenses.....	5,560,000	---	---	-5,560,000	---
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VETERANS ADMINISTRATION

Compensation and pensions.....	14,444,600,000	14,334,287,000	14,334,287,000	-110,313,000	---
Readjustment benefits.....	741,150,000	625,700,000	625,700,000	-115,450,000	---
Veterans insurance and indemnities.....	4,770,000	14,290,000	14,290,000	+9,520,000	---
Medical care.....	9,712,808,000	9,907,850,000	10,320,808,000	+407,193,000	-240,808,000
Medical and prosthetic research.....	192,798,000	197,936,000	208,766,000	+8,138,000	-7,830,000
Medical administration and miscellaneous operating expenses.....	41,769,000	49,613,000	49,613,000	+7,844,000	-235,000
General operating expenses.....	770,500,000	811,394,000	804,829,000	+34,329,000	-6,565,000
Construction, major projects.....	382,708,000	400,556,000	413,951,000	+31,243,000	+7,030,000
Construction, minor projects.....	80,000,000	120,773,000	120,773,000	+40,773,000	---
(Limitation on administrative expenses).....	(38,625,000)	(42,473,000)	(42,473,000)	(+3,848,000)	-265,000
Parking garage revolving fund.....	26,000,000	4,100,000	4,100,000	-21,900,000	(-265,000)
Grants for construction of State extended care facilities.....	42,400,000	42,000,000	42,000,000	-400,000	---
Grants to the Republic of the Philippines.....	500,000	500,000	500,000	---	---
Direct loan revolving fund (limitation on direct loans).....	(1,000,000)	(1,000,000)	(1,000,000)	---	---
Loan guaranty revolving fund.....	100,000,000	389,800,000	389,800,000	+289,800,000	---
Veterans job trainings.....	30,000,000	---	---	-30,000,000	---

Total, Veterans Administration.....	26,570,003,000	26,898,799,000	27,080,779,000	+510,776,000	-248,379,000
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Total, title II, Independent Agencies:

New budget (obligational) authority (net)...	43,859,124,400	43,712,057,000	44,590,865,000	424,686,600	+371,754,000
Appropriations.....	(44,459,124,400)	(43,712,057,000)	(44,590,865,000)	(-375,313,400)	(+371,754,000)
Rescission.....	(-600,000,000)	---	---	(+600,000,000)	(-507,054,000)

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued**

[Amounts in dollars]

Item (1)	Senate committee recommendation compared with (+ or -)						
	1987 appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	1987 appropriation (6)	Budget estimate (7)	House allowance (8)
(Limitation on administrative expenses).....	(260,103,000)	(133,481,000)	(327,459,000)	(327,194,000)	(157,091,000)	(-6,487,000)	(-265,000)
(Limitation on direct loans).....	(601,000,000)	(601,000,000)	(601,000,000)	(601,000,000)	---	---	---
(Limitation on corporate funds, to be expended).....	(850,000)	(847,000)	(847,000)	(847,000)	(-3,000)	---	---
TITLE III							
CORPORATIONS							
Federal Home Loan Bank Board:							
(Limitation on administrative expenses, corporate funds).....	(28,093,000)	(30,913,000)	(30,486,000)	(30,313,000)	(42,220,000)	(4300,000)	(-173,000)
Federal Savings and Loan Insurance Corporation:							
(Limitation on administrative expenses, corporate funds).....	(1,466,000)	(1,610,000)	(1,619,000)	(1,610,000)	(414,000)	---	(-9,000)
Total, title III, Corporations.....	(29,559,000)	(31,623,000)	(32,105,000)	(31,923,000)	(42,364,000)	(4300,000)	(-182,000)
RECAPITULATION							
Grand total:							
New budget (obligational) authority (net)...	56,637,951,700	51,596,329,313	57,938,256,000	57,109,970,000	447,018,300	+5,513,640,687	-828,286,000
Appropriations.....	(49,850,827,700)	(48,119,490,000)	(49,839,206,000)	(49,368,870,000)	(-481,952,700)	(+1,249,380,000)	(-470,336,000)
Portion applied to debt reduction.....	(-245,915,000)	(-118,250,000)	(-118,250,000)	(-118,250,000)	(+127,665,000)	---	---
Contract authority.....	(7,840,668,000)	(3,994,889,313)	(7,924,100,000)	(7,523,250,000)	(-317,418,000)	(+3,528,360,687)	(-400,850,000)

Rescission.....	(-600,000,000)	---	---	(1600,000,000)	---	---
Resumption of contract authority, Indefinite.....	(-715,313,000)	(-399,800,000)	(-256,700,000)	(1458,613,000)	(+143,100,000)	---
Authority to borrow.....	(507,689,000)	---	(549,900,000)	(485,111,000)	(+592,800,000)	(+42,900,000)
(Increased limitation for annual contract authority (net)).....	(589,034,278)	---	---	(-589,034,278)	---	---
(Limitation on administrative expenses).....	(260,103,000)	(333,681,000)	(327,194,000)	(+67,091,000)	(-6,487,000)	(-265,000)
(Limitation on annual contract authority, Indefinite).....	(-23,519,000)	(-2,000,000)	(-2,000,000)	(+21,519,000)	---	---
(Limitation on direct loans).....	(1,268,461,000)	(815,299,000)	(1,244,475,000)	(+18,914,000)	(+472,076,000)	(+42,900,000)
(Limitation on guaranteed loans).....	(250,150,000,000)	(170,000,000,000)	(250,150,000,000)	---	(+80,150,000,000)	---
(Limitation on corporate funds to be expended).....	(337,371,000)	(371,189,000)	(391,084,000)	(+53,531,000)	(+19,713,000)	(-182,000)